

THE COMING AMERICAN FASCISM

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INTRODUCTION

THIS book is addressed to the thoughtful who are not frightened by new and unpopular terms and concepts. If liberalism is doomed, a fight for a lost cause will impose on mankind the most futile sort of suffering. The British Mercantilist System of the 18th Century and the Southern Planter-Slavery System of the pre-industrial-revolution period each fought on American soil an utterly futile and foolish war to save what was doomed by the inevitable and irresistible trend of social changes. If the present system, or more particularly, those features of it which are challenged by current trends be doomed, the longer and harder the fight waged to preserve it, the greater will be the suffering and losses of the people. Assuming that the old system is doomed, the basic premise of this book and an assumption which current events surely render probable enough to be entertained as an hypothesis in exploratory thinking about the near future. What are the possible alternatives to ultimate social disintegration and chaos? Most intelligent observers of the changing scene, whatever their personal preferences and prejudices, are agreed that, in the event the present system is not soon made to work better, the alternatives fall into the broad classifications of fascism or communism.

Precise definition of these two terms, now on every one's lips, should give us little concern. Officially, communism is whatever the latest encyclical from Moscow says it is, while the fascism of every fascist country is whatever its authorized fascist exponents proclaim it to be. Actually, of course, terms like communism and fascism, just as terms like Christianity, Americanism, or due process of law, must mean many different and often mutually exclusive things to different people. It is always possible to sustain two or more sides to an argument about the precise meaning of terms which, in the nature of things, can-

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not have a fixed definition like that of an English yard or a French metre. Still, if we are to have intellectual discourse, we must use terms like Christianity, fascism, socialism and so forth, in the expectation that other parties to the discussion will accept such terms in the sense in which they have come to be currently used and in the broad and almost undefinable sense in which we accordingly use them. Naturally, if a party to the discussion refuses to accept a term in a sense acceptable to the other parties, discussion must end.

In the case of the term fascism as applied to a social scheme yet to be developed in this country or as a term applied to the mere advocacy of such a scheme, it should be clear that no argument about the correct use of the term fascism can now be settled by an appeal to authority. Certainly Signor Mussolini, Herr Hitler or an American college professor who has written a book against fascism cannot be appealed to as an authority to define what fascism for America would be like. Obviously the official definition given the coming American fascism will be that of its authorized party exponents. This definition is not likely to call the American fascism by that name. It is much more likely to include an emphatic denial that the new American fascism is fascism. And it is fairly certain, if it follows the precedents of other important party platforms and propaganda, to say that the official American fascism, probably called by another name, is a great many things which it clearly is not.

This book is essentially one man's definition of what a desirable fascism, in his way of thinking, would be like. For obvious reasons, it cannot be a definition of the future American fascism, called by that or any other name. In discussing future social developments we can talk to some point about desirable and undesirable possibilities and probabilities. As these are largely matters of speculation and deduction from the limited field of the known to the unlimited field of the unknown and future unknowable, such discussions cannot deal in certainties nor can they to any good purpose give much time to questions of pure terminology respecting what admittedly lies still in the womb of time.

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In this book, the system advanced is the thing, not the validity of the term used to describe or identify it. The reader is asked to remember that Italian fascism and German Nazism are not primarily the subjects of discussion. Correctly or incorrectly, the term fascism has come to identify in most people's minds many things and the general synthesis of ideas here advanced, all with exclusive reference to this country. The term, fascism, is therefore used chiefly as matter of intellectual integrity. I am fully aware and am incessantly being reminded that the term fascism is most unpopular at this time in the United States. I am also told that the thing itself is unthinkable in this country, an opinion which I find naïve. Nothing could be more logical or in the best political tradition than for a type of fascism to be ushered into this country by leaders who are now vigorously denouncing fascism and repudiating all that it is understood to stand for. Dr. Arthur Rosenberg, a communist sympathizer if no longer a member of the Party, points out in his admirable *History of Bolshevism* (Page 98) that the motto of the Bolshevik Revolution was not "The Dictatorship of the Proletariat. Down with Democracy!" but its exact contrary: "Long Live Democracy and Down with Dictatorship." The ideal fascism would be one which was honestly and truthfully presented to the people during its struggle for power. The fascism most to be feared is the fascism sailing under false colors. Such a type of fascism will be the worse for the duplicity of its leaders, and much of the blame will attach to those soft-thinking liberal leaders who have sought to make of fascism a synonym for all that is socially iniquitous instead of a descriptive for a rational and workable social scheme to which they happen to be opposed.

Both fascism and communism should be thought of as formulas of revolutionary social action for those of the underprivileged, dissatisfied and frustrated who have a will to power and a will, through the seizure and use of power, to change a situation they find intolerable, and, of course, to conserve a situation they find more satisfactory. Both fascism and communism are crisis formulas, that is to say, unlike formulas of

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liberal reform, neither has significance except in so far as it may have a chance of full realization as a new totalitarian or all-embracing social scheme. And, unlike liberal reform, neither has such a chance except in measure as the crisis of the existing system makes an entirely different system the alternative to chaos.

While fascism is to be thought of essentially as a formula for the frustrated in an extreme social crisis, it also has a strong appeal to many whose personal fortunes may still be far from desperate in such a crisis, as well as to national governments which may be interested more in conservation than further acquisition. Such persons, while moved by no feeling of frustration, still do not feel a zest for, or confidence in the outcome of, any fight to the finish under present world conditions between those in the house of want and those in the house of have. Interestingly enough, large numbers of extreme conservatives seem to share the understandable eagerness of the extreme communists for such a fray. The communists are entirely logical and loyal to self-interest in desiring and promoting wherever and whenever possible an intensification of class warfare. From it they have nothing to lose and, as a result of it, a chance to come to full power. The back-to-Hoover Republicans or back-to-Jefferson Democrats who would liquidate the New Deal or the back-to-liberalism British leaders who would liquidate fascism in international war stand only to lose by fighting those in the house of want, be they underprivileged nations seeking a place in the sun or the frustrated elite in liberal countries seeking an escape from the consequences of indefinitely prolonged depression. It is little short of astounding to see how the liberals of Downing Street, Wall Street and the Quai d'Orsay have been welcoming the comradeship in sanctions and arms of communist Russia against fascist Italy. (The fountain head of liberalism in America is really Wall Street or the eastern plutocracy, with its endowed and kept agencies of liberal indoctrination, the leading colleges and metropolitan newspapers.) These moneyed liberals who are seeking to use communist Russia in a war against

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fascism are singularly blind to their own interests, since they can never be comrades of communists. The liquidation of fascism where it is in power could only mean the succession of communism, and that could only mean the liquidation before a firing squad of property owners. And it is not to be supposed by the liberals of England, France, or even the United States, that they would long be safe in a world half-communist. The fact, of course, is that the liberals and conservatives, really two terms for the same people nowadays, as a whole, are still not sufficiently worried over the implications of present trends or over the ability of the system to stage a come-back. To those still in the house of have who are worried and humanely disposed at the same time, fascism makes an appeal which communism cannot make. Fascism does not expropriate all property rights or effect a wholesale liquidation of the owning and managing classes of the present order. And fascism does not mean a dictatorship by the leaders of the Marxist parties, falsely called by the communists a dictatorship of the proletariat.

Fascism is being widely denounced by liberals in the house of have and by their paid propagandists in the United States as being irrational as well as wholly evil. This book is an undertaking to rationalize fascism before it becomes an accomplished fact in the United States. The point of view from which the subject is discussed is that wherever fascism has happened, there has been reason for its occurrence and that wherever it survives, there must be reason in its use of power. Whether one wishes to go with and try to guide an important social trend, the ruling motivation in the writing of this book, or whether one wishes to oppose the trend, one can only profit from an attempt to understand it as a rational pattern of human behavior. It can serve no useful purpose, either of guidance or opposition, to pronounce fascism madness and fascists madmen.

As for the attempt to make fascism out to be a manifestation of mob madness or social irrationality, let it be borne in mind that fascism and communism, respectively, present a new social order, each with its own synthesis of values or ends and each

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with a highly rational scheme of social means to these ends. Each system of operating fascism and the Russian system of communism will be found to contain much that will be rejected by most Americans and much that would be inappropriate or down-right impracticable in this country. But it has to be recognized by any intelligent person that, so far as ends are concerned, the fascists know what they want, something which cannot be said of many liberal statesmen and something which is not rationally to be called a sign of insanity or irrationality. And, as for means to these ends, it can hardly be denied that fascism has had considerable success in fitting means to ends or in getting things done the way the leaders of action have willed. As much cannot be said of many liberal statesmen and as much cannot rationally be said of any one who is correctly defined as a lunatic or a moron.

Indeed, as to rationality, or fitness of means to ends, it has to be recognized that both fascism and communism are gigantic undertakings or adventures in what might be called sociological rationalization, corresponding to the sort of thing that has been carried so far in the advanced industrial nations in the fields of technology, having been given in Europe the name of industrial rationalization. Whether one starts out from the premise that the liberal ends, such as a chicken in every pot, equal justice under law, personal freedom, etc., etc., are well enough but that the social means to these ends are proving hopelessly ineffectual, or whether, like the communists, one starts out from the postulate that the ends of liberal capitalism are all wrong, the formula resulting from any thinking through of current problems of social ends and means is certain to be revolutionary. And in this fact resides the truth of the thesis of John Chamberlain's brilliant and inevitable "Farewell to Reform."

It seems likely that it will be as a radical program of sociological rationalization to bring our social machinery up to date or to make social and institutional means fit ends, that fascism will exercise a strong appeal in the United States. After many of our discontented and frustrated have experienced a few

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more disappointments with monetary schemes, economic specifics, and largesses of the public treasury to minority group interests, it is likely that they will see the logic of fascism as the only rationalized scheme of social means and ends, other than communism, which promises success. There can be but one refutation of the charge that the present system won't work and that is to make it work. Those who have been driven by the experiences of economic defeat and frustration to challenge the present system and seek a substitute cannot rationally be expected to respond to appeals to help make the system they are attacking work better. In other words, any rational discussion or analysis of fascism has to be conducted primarily from the point of view of the frustrated with a will to power and of those who feel neither able nor disposed to fight them and who also question the ability of the social order to buy them off indefinitely with government gifts financed by borrowing. Discussing fascism in other terms or from other points of view may faithfully and gratifyingly express one's own feeling about the matter but, so to relieve one's feelings about fascism will not throw much light on the logic of the situation as it must appear to those who will make an American fascism a reality, if it becomes a reality. And it is as a possible reality in the United States that fascism is most worth while discussing.

CHAPTER I

THE CRISIS OF A SYSTEM: IT WON'T WORK

Every social situation has an unlimited number of aspects. Unworkability of the existing system is the particular aspect of the present social situation in the United States which, to the fascist way of thinking, seems most challenging to thoughtful analysis and immediate action. It is the unworkability of a given social system in a changed set of conditions which is most responsible for revolutionary social change. Feudalism, for instance, gave way to modern capitalism, not because any number of the people at any given moment decided that they would prefer a new social order, but because a series of discoveries of new lands and inventions of new machines and techniques created new conditions, among them the rise of a new business class, in which the feudal system could not work. This is not to state a thesis of rigid economic determinism or an exclusively materialistic interpretation of history. It is to recognize that changes in things act on preferences as well as changes in preferences on things.

It seems a fairly sound generalization to say that no social group, after debating the merits of the existing order versus those of a possible successor, proceeded to scrap the old and adopt the new as long as the old system was maintaining a semblance of order or working. Indeed, it is a part of the process of maintaining order and making a given social system work to see to it that the people like what they have. In measure as defenders of a system deem it necessary to argue with the people in favor of the preservation of the old system, they really admit and advertise its doom. There is no doubt but that the continuous attacks on fascism and defenses of the present system featured by powerful publications like the *Saturday Evening Post*, and in the public utterances of influential citizens

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like Mr. Hoover, do more to advertise and further fascism than almost any other factor calling fascism to the attention of the American people. A social system is either on the offensive, or it is doomed.

There is little point to drawing conservative inferences from the fact that the people are attached to their Constitution and nine elderly exponents of it, to their king and his nobles or to the Druid priests and their human sacrifices. The people are always attached to their leaders, institutions and folk customs, no matter how absurd or barbarous these latter may appear from other points of view. If and when, under changed conditions, the old system proves unworkable, or fails adequately to meet its imperatives, the undermining and upsetting of it are always directed by a small minority of the discontented or frustrated elite who may be divided into several groups but who, in some one minority group, gradually roll up enough mass following to achieve their ends. The defenders of the old system have to learn that the only good argument for the old system is to make it work. And this means, among other things, taking care of those elite who otherwise become discontented and ultimately revolutionary.

The usual defense of the system made today by its supposed friends, however, consists mainly in apologies for the system's unworkability and in appeals for loyal support no matter how it works. There is a typically liberal naiveté in appealing to Y's reason to be loyal to a system which still suits X, but which is not working so well for Y. That kind of loyalty is not born of reason but habit, early conditioning and wholly unreasoned impulses. One of the earliest proofs of the unworkability of a system, after its failure to care for the elite, is its failure to maintain the suitable mass conditioning for the system's survival. But of this we shall have more to say under another heading.

In the fascist view of the situation, the unworkability of the present system is the starting point in social thought and action. It is also the most vulnerable point for attack—and the fascists are attackers. Taking this particular view of the system's crisis or slow decline does not mean that a fascist-minded

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person sees nothing else in the situation but mechanical defects or that he minimizes other aspects of the situation. That the injustices of the present social situation, in which millions suffer hunger and privation while productive instruments, like human hands, land, and factories, remain in enforced idleness, are a crying shame, the fascist fully recognizes. That Father Coughlin and his League for Social Justice should emphasize this phase of the situation and demand its correction is both humane and helpful. But, if an individual or a group sets about the correction of these injustices, the first order of problems encountered will be found to lie squarely in the fields of social mechanics or government and management in the broadest sense of these terms.

These problems are matters of getting things done rather than of formulating moral judgments. It is well to say what ought and what ought not to be, but satisfying any given moral or ethical imperative about social conditions is largely a matter of using the coercive force of government and the resources of technical management of the social and material factors determining social conditions. In other words, while the impulse to get something done may spring from wishing to have it done, getting it done is not exclusively a matter of imagining or wishing it done.

The voice of the prophet, which is the voice of conscience denouncing sin and extolling righteousness—word these phenomena as you will and let them take the personal and institutional forms and expressions they will in different ages and cultures—has been a moral force in every civilization. But, after conscience or the prophet has denounced a condition and demanded its correction in the name of some metaphysical value or social myth, without which no social scheme has ever operated, there always remain the governmental, managerial and technical tasks of getting it done. Today these tasks are more complex and inter-related than ever.

In ancient times and even down to the opening of the industrial revolution towards the close of the 18th century, the period when most of our American social concepts, norms and insti-

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tutions were supposed to have reached their final and definitive form for all time, it was ordinarily enough for some measure of correction of an evil to have the voice of conscience, through the prophet or priest, convince the Prince, or small group of head men, that it ought to be done—provided, of course, the prophet whipped up some enthusiasm for the correction by a little effective indoctrination of the people. In those bygone, pre-capitalistic, pre-industrial days, it could reasonably be expected that satisfactory improvement of a social situation would result from an effective pointing out of the evil and a fairly general observance of certain rather elementary rules of personal conduct such as are to be found in all the world's great moral codes.

Before division of labor had been carried very far, or before the industrial revolution, and as long as people lived in simple, closed and self-sufficing economies in which the members of one small group produced about everything they consumed, the chief moral imperative was doing the decent thing by one's neighbor—in other words, President Roosevelt's "good neighbor" philosophy. The "good neighbor" code was still fairly adequate in the comparatively recent days of our frontier rural communities, long after the drafting of the Constitution. There were no really significant divergences between the moral imperatives for good neighbor behavior as laid down by Hammurabi, Moses, Buddha, Socrates or Jesus. In the days of simple social organization and simple economic arrangements, the problem of public order was largely one of having the king or leader listen to the voice of conscience and having the subject fear God and obey the king.

It is amazing how many otherwise intelligent people still imagine that, in our complex modern society, public order can be maintained by having certain elementary rules of conduct appropriate to simple rural communities followed by millions of individuals. These latter are in fact grossly unequal in economic power, and each individual, or legal person, including the billion-dollar corporation, is left free to interpret the Constitution for himself, and to hire as many lawyers as his means

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will allow to champion through endless litigation his particular interpretations. Only the lush opportunities of the opening of the earth's largest and richest area for appropriation and settlement could furnish enough to be grabbed off by almost every one to make it possible to maintain public order under such a régime, which Thomas Carlyle once characterized as anarchy plus a constable.

In taking the traditional attitude towards social evils and social reform, 19th century reformers have rarely made an attempt to think through the social mechanics of getting any desirable social situation achieved. Where the reformers of the era of modern capitalism have essayed to do a little thinking through of the problem of correcting a social evil, they have usually confined their thinking to one rather narrow field of social institutions or phenomena such as taxation (Henry George), currency (William Jennings Bryan), or business regulation by law making and law enforcement (Theodore Roosevelt and Woodrow Wilson).

Broadly generalizing, one may say that, in modern Christendom, only reformers thinking in the framework of the Roman Catholic faith, and the various schools of modern fascist and communist thought, have consistently and seriously attempted to work out social solutions in terms of an all-embracing social synthesis. It is interesting to note in connection with this generalization that the distinguished jurists and, especially, the economists of modern capitalism, have all been fairly radical and daring in their thought or really of a definitely reforming kind. Blackstone, for instance, wanted to reform the absolutism of the Stuarts; John Marshall wanted to go much farther than the writers of the Constitution in strengthening the Union and centralizing social control—not in the Federal Executive or Legislature but in the Federal Judiciary; while the much venerated (and now considered conservative) Adam Smith, in the gloomy field of economics, was nothing short of a radical for his time, because he assailed the eminently respectable theses of applied 17th century mercantilism and demanded a régime of economic laissez-faire such as the world had never known

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before and such as it is not going to know again for a long time.

Now, it is a distinguishing characteristic of practically all the builders of the liberal capitalistic scheme of concepts, norms, and social institutions that they have tried to restrict their social thinking to some one field, like law or economics, and that, even within these already narrowly delimited fields, they were apt to specialize in one particular subdivision. This, doubtless, was a part of the separation of powers and division of labor ideals of the late 18th century. The jurists and statesmen assumed that no economic development could ever prevent the enforcement of the Constitution and lawful contracts, while the economists and business men took it for granted that no political or legal development could seriously or for long interfere with the free market, the laws of economic supply and demand, or the fixation of wages and prices in free competition by freely contracting legal parties.

They did not foresee billion-dollar corporations as parties contracting with fourteen-year-old children. The rise of the modern trust has upset their premise of a market free from monopoly, restraint of trade, and innumerable sorts of present day economic coercion. Specifically, they assumed that a mortgage could always be foreclosed, and that hunger could always be relied on to make a man work for the highest bidder however low the bid, but that no one would be coerced by combinations and conspiracies in restraint of free trade.

The political and economic systems thus fully, ably and separately expounded by a long line of legal and economic rationalizations, were assumed to be permanently workable and both fool and disaster proof, each functioning in its own watertight compartment. These compartments, of course, were kept watertight from time to time by the definitions of legal decisions and the pedantic treatises of writers on the various social sciences. There was supposed to exist a series of perfect institutional harmonies, and it was a pious dogma that democracy was fool and disaster proof. The 19th century cultural leaders of liberal capitalism, though innovators, reformers, and im-

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There is something vicious in the wish to impose on future generations our scheme of values. The fact is, however, only to give posterity a heritage of achievements and monuments of a material order, not a heritage of eternal truths and values to which it must slavishly be bound. The emotional wish to determine the values of future generations is common both to the liberal constitutionalists and the communist believers in the values society of the future. What right or logical reason can we possibly have to take it for granted that our values or ideals will be acceptable to future generations or appropriate to their material situation? Only the belief that we have received a revelation of eternal truth can rationalize such a pretentious assumption. Interestingly enough, Russian communism, as an

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It may of course be thought to serve the purpose of enlisting sympathy for a social program to project a far-off millenarian goal, but projecting such an ideal will not help the solution of an immediate problem. And, sooner or later, it will prove a nuisance to have deluded a large number of people with an ideal which never comes any nearer to realization. The truth is that men want leadership in creative adventure and not leadership to a promised land which their descendants, but not they, shall enter. Indeed, men as a whole have never really wanted to be finally settled in a promised land flowing with milk and honey, with no further adventure left except that of growing fat on the milk and honey. It is the process of leaving Egypt and wandering through the wilderness in search of something new and different that men enjoy. It was this motivation that settled the new continents and produced modern capitalism. It is the same fundamental motivation that is producing the planned economies of fascism and communism.

As for the Marxian means to the impossible end of a stateless, classless society of workers—free of a governing class, of course—I find the means actually in use, namely, a dictatorship of the aristocracy of the Communist Party, grossly misrep-

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Aside from the logical inconsistencies I find in the alleged end of a classless society and the means of a so-called dictatorship of the proletariat, there are innumerable vices in the communist scheme which I find unacceptable for wholly subjective reasons. But these vices in logic, these vices of intellect, dishonesty and these unmentioned features of communism which I do not like, do not take from it a merit which is not found in the social philosophies of the liberal reformers from Adam Smith to the embattled bondholders of the National Liberty League of 1935.

This merit of communism is a program or a theory of action which, given a possible combination of favoring circumstances can be followed with success. Marx sm is too merit solely because it is a totalitarian social philosophy which, by reason of its totalitarian character, must insure adequate provision for meeting the imperatives of order while its cherished set of objectives is being pursued. There is nothing original in Marx's theorizing about the nature of the State, the mechanics of

power over men or the political process. He thought derived largely from a total preoccupation with these phenomena. He was, for the most part, for power and the survival of the fittest, but he was not a Marxist for the philosophy of the State, to which he owed much of his thought.

What was new in the structure in Marx as a 19th century reformer part of a social ideal was his recognition of the State, government, or quite simply, power and its efficient instrumentality in the maintenance of any given social scheme, and the recognition of the fact that the maintenance of that scheme must be based on the conclusion that meeting the crisis of an existing social system or correcting any of its evils must necessarily involve the use of these instrumentalities for the purpose of Marxism, of course, could never have become a social ideal if it had become in Russia, but for a highly favorable combination of circumstances, one of which was an extreme degree of collapse of the old régime in Russia. But the rejection of liberal reformers of the 19th century could never be regarded in the event of any considerable degree of breakdown of the social order, the reason, of course, being that liberal reformers, when realized, have to be crumbs from a bountiful capitalist and not creative achievements of liberal reformers in power.

These quantities of Marxism, original for the 19th century social idealist and reformer, are not the peculiar properties of the brand of socialism but merely the imperatives of good logic, or clear thinking, for a man who would meet a major social crisis, correct grave social evils, and realize certain important social ideals. To wish the realization of a social ideal without attempting to understand and without wishing to command and appropriately use the essential instrumentalities, may be said to amount to willing the end but not the means, or to giving evidence of a soft mind and a weak will. No second lieutenant of the U. S. Marines placed in command of an area in occupation by our troops would be likely to display such softness of thinking and lack of will. For instance, if put in

command of a district during our occupation of Haiti, he would not have left in the hands of avowedly hostile persons instruments of power which might be used disastrously against our forces, as did the socialists in Germany and Austria when they had opportunities to establish their political control.

There is nothing peculiarly Marxian, fascist, Roman, German or European about good logic. Nor is bad logic good Americanism. These post-war experiences merely go to show that liberalism is logical, effective, and successful only so long as capitalism is a system in expansion or prosperous, or so long as liberal deals can be conveniently financed out of a good business surplus. As a formula of social unity and action, or merely of good government to meet a situation in which business is not making a surplus, liberalism is simply faulty and empty verbiage.

So far, in this chapter, no attempt has been made at direct proof of the specific assertion that the existing system in the United States is unworkable. That kind of proposition can never be argued to any point against a contrary conviction. No doubt both Charles I of England and Louis XVI of France, up to the moment their heads fell on the block, believed that their respective systems were workable. It can always be argued that a system will work if only certain things are done, and it is usually futile to try to prove conclusively that those things cannot be done, given the will to do them.

For the purposes of reasoning to a useful conclusion as to the workability of a given social order, it has to be assumed that if a social system can be made to work it will be. This assumption is tenable, if not indispensable, for many reasons. For instance, the old system, especially in the early days of its decline, always has the preponderance of factors with it—the best talent, command of most of the available resources, and prestige. If the defense fails, it stands to reason that it had an impossible system to defend. Whether the defense could have held out a little longer, and how much longer, are, of course, always open to question. But it hardly makes sense to say that

Operational Thinking for Survival

CAN WE RETURN TO THE PRE-WAR BASE?
THE SOCIAL MECHANICS OF AN EXPANSION ERA

On the other hand, it now seems evident that the best liberal teaching of two centuries had not so prepared Kierkegaard and scores of other liberal leaders of the post-war era. Mussolini was well prepared for social crisis by a mental formation in the thought of philosophers like Nietzsche, Spinoza, Marx, and Pareto, none of whom could claim Mussolini as a disciple and no two of whom were at all alike in their philosophies except, possibly, as to a general rejection of the assumptions of liberal philosophies. And so it may be said that while one can never prove in advance of the event the final collapse of a given social order, one does get a splendid preparation for the event, whenever it occurs, if one has previously formulated a clear hypothesis of trends which always move in that direction long before the event takes place.

The case for the inworkability of the liberal capitalist system can be built squarely and securely on any honest attempt to answer certain questions which I shall try to state and discuss in this and the next five chapters. The first question, or group of questions, and the subject of this chapter, is: Can we

CAN WE RETURN TO PRE-WAR BASES?

...the only sound or workable plan, can be worked out in a period of a century or more, and conquest of new resources...

Can we, in lieu of being able to finance the War type, resume the—roughly—1913 type of consumption—consumption of motor cars, or consumption of innocent and desirable things and automobiles for people who have money to pay for such things under the system? In the thesis of this book, financing consumption by states, cities or individuals for welfare is a money to pay, although it produces a happy result, it cannot be a workable formula for...

A third question is: Can we go on under some depression form? Great Britain has been on one since the War) of supporting from a fourth to a third of our working population in some degree of and discontented idleness, and thereby preventing a social and social crash, by means of huge yearly government deficits, or by means of sufficiently heavy taxation to reduce the deficits? (Great Britain reduced her deficit by repudiating her obligations on her sterling debt and by defaulting on her obligations to our Government.)

A fourth question is: Can we effect a sound world economic reorganization so as to put the old system in a better position for a fresh start, assuming satisfactory operating conditions are attainable? That is to say, more concretely, Can we reduce debts to manageable proportions without causing too much of an upset through the results for the creditors? Can we restore comparative freedom of international trade and investment?

THE COMING AMERICAN FASCISM

restore confidence in the currency by currency stabilization on a permanent basis, and moderate the things...

...the only sound or workable plan, can be worked out in a period of a century or more, and conquest of new resources...

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In the thesis of this book, financing consumption by states, cities or individuals for welfare is a money to pay, although it produces a happy result, it cannot be a workable formula for... With a rapidly expanding population, serious political obstruction of capitalist ways, or attempts at maintenance of wages above a given maximum at which production is profitable, cannot prove effective. The rapidly expanding labor supply floats such attempts. The fact that real wages rose during a period of large labor supply and comparatively little political interference though there was some unimportant labor union interference with wages, is easily explainable by the accompanying facts that, during the same period, the supply of good land and natural resources for exploitation, as well as the efficiency of the techniques of production, were increasing more rapidly than the supply of labor. Briefly, then, the supplies of labor and natural and technical resources for capitalistic exploitation were increasing at a rate to make capitalism workable, which is to say, profitable and the supply of natural resources and productive techniques were becoming available fast enough to insure steady improvement in the lot of labor. The capitalist thrived and the worker was content not to interfere seriously or politically with the system.

What has made capitalism a workable system has never been stability or slow growth. Capitalism has worked only to the extent that it has been able to grow in geometrical progression or at compound interest. The possibility of compounding the return on the total investment is necessary in order to keep up continuous reinvestment in capital goods. Continuous reinvestment in new capital goods is necessary, in turn, in order to keep...

...the laws of mathematics and physics as to every compound interest growth curve flattening out and turning downward at some point, do not indicate that this particular depression must be the last in the history of modern capitalism. But these laws do prove that there must be a last depression, and that its coming cannot be a matter either of millenniums or centuries. With this fundamental proposition established as

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CAN WE RETURN TO PRE-WAR BASES?

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...one per cent by a ... of Eden ... the present ... would be ... the ... The total ... do not exceed two trillion dollars.

... of events prevent the multiplication of events ... The first of these events is the failure ... The second of these events is ... As the members of the rapidly multiplying colony ... the poison which they ...

The ... of growth can be found in any number of works ... an excellent discussion of the subject being contained in Raymond Pearl's recent *Biology of Population Growth*. He points out that the laws of growth can be expressed in ... in mathematical shorthand. They ... in cycles. Within one and the same cycle, and in a spatially limited area or universe, growth in the first half of the cycle starts slowly, by the absolute increment per unit of time, and increases steadily until the end point of the cycle is reached. After that point, the increment per unit of time becomes steadily smaller until the end of the cycle. It is self-evident that this generation is living in a period which marks the turning point in the curve of population growth of the capitalist nations. The significance of this fact for the capitalist system is, of course, the central idea of the present chapter.

It is seldom that people stop to think, in discussing the workability of the present system, that in the hundred and fifty odd years of the system's modern operation, or since 1780, the population of this country has grown fiftyfold, or from 2,000,000

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The populations of the present ... in 1930. The populations of the present ... show a similarly geometric progression in population growth, Britain and Germany for instance. At this is needed to give a clear and quick view of the significant population trends for the United States since 1880 in relation to the curves of total population and percentage increase in population, respectively. Such a table may be found on Page 2 of *Recent Social Trends*, in the article on the "Population of the Nation" by Warren S. Thompson and P. K. Whelpton. The population curve, after over a century of rise, is beginning to flatten out in the 20th century, and the percentage of increase has been steadily going down since the 1830's. During the sixteen decades from 1710 to 1860 the average increase per decade was 34 per cent. In the period 1860-1910 it averaged 23 per cent per decade. In the two decades 1910 to 1930 it has dropped to 15 per cent per decade. By the end of the decade 1930-1940, it will have dropped to 8 per cent per decade.

Writing on "The Population Question Revisited," Mr. Roberts in the *New Statesman* of June 16, 1934 says: "At the present time every four female children born in England and Wales leave on the average but three female descendants. In other words, if the present birth rates continue, the number of potential mothers will diminish by one-quarter in every generation. Assuming no further fall in the birth rate, Dr. Charles says that, once a stable age composition has been reached, the population of England and Wales will in 200 years have fallen from 35,000,000 to 6,000,000 (where it was in 1830). Should the net reproduction rate fall to two-thirds of its present figure, our total population would in 300 years drop to 2,000,000." Kaczynski, an American authority on population, points out in *The Balance of Births and Deaths* that "According to the fertility and mortality in western and northern Europe in 1926, one hundred mothers gave birth to ninety mothers only. With the fertility of 1926 the population is bound to die out unless mortality of potential mothers decreases beyond reasonable expectation." He predicts that population will

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Since 1917, in Germany in 1945, in the United States a majority of the population has been living in a state of economic depression. There, too, mothers are the victims. It is true that even if we had not had the war, the time would have come when our annual quota of production would have been a fraction of what it was during the past three years we have known. The chief reason, of course, for the growth by immigration, even assuming that in this country, is that the European countries, no longer have a rate of increase which affords them an export surplus. A growing system, requires opportunities for expansion. It requires the use of factors of production in a state of rapidly expanding demand. A growing supply of workers is essential for capitalist prosperity, but it is one of the most indispensable essentials. It would be difficult to measure how much capitalist prosperity in this country for a hundred and fifty years has owed to rising population. In the case of a basic industry, like farming, raising stock, or fishing or amusement, has been operated on a scale which has shown a net profit over a number of years solely to the sale of real estate that had doubled in value while in use. To restore this element of capitalist prosperity, rising land values, we must reverse the process, from a population increase. And none of the would-be advocates of "neoliberalism" are even suggesting such a remedy. On the contrary, many of them support the demands of labor for immigration restriction and the demands of many for birth control.

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The pre-war pattern of capitalism led not only for plenty of cheap labor to exploit, but also for plenty of cheap and abundant natural resources to exploit. It was the cheap labor that made the pre-war and export. It was the cheap resources that made the pre-war valuable, and the cheap resources that made the cheap labor valuable. And it was an unusual combination of these circumstances which made a market for the products of these combined factors of production. It should be obvious that the happy combination of factors making for an increasing volume of production and of market demand for the product could not be indefinitely maintained. The iron laws governing the phenomena of compound interest will not allow such geometrical progression to infinity.

Indeed, a stable market, or even a market whose demand increases by arithmetical progression or at a simple interest rate, would not make capitalism workable, for such a market would not provide the necessary incentives for the investment of the surplus. No market demand required for the healthy working of capitalism must expand at the same rate of compound interest as savings, which rate, even if it were only one per cent, would turn one cent into two billion times a trillion dollars in 6000 years and would turn the present capital of the world into some equally fantastic quantity in fifty years. Modern capitalism does not mean merely ownership of the instruments of production or private management of production. It means that ownership may take as large a cut as it can get, and that it may or may not invest its surplus as the prospects of profits are thought to indicate.

The feudal lord of the manor was quite as much a property owner as the millionaire under modern capitalism. He had property rights in the tools of production, and often directed some of the processes of production. But, unlike the man of property under modern capitalism, he could never make a decision in respect of his property rights one of the results of which would be widespread unemployment and destitution, for, as a practical matter, he could not expel the serf from the

[illegible]

Of course the chief assumptions on which liberalism, in contrast to socialism from feudalism, has accorded the prevailing measure of economic freedom to capital and labor are that the profit incentive will always suffice to insure a full and voluntary use of savings and available credit in new work-making investments or enterprises, and that hunger will always insure the acceptance by labor of the highest bidder for labor. Both of these assumptions are knocked out a cocked hat by present facts. The best figures on unemployment and the hoarding of bank and private savings suffice to prove that the profit incentive is no longer the funds and credit into new investments. And an almost universal dole is preventing the hunger incentive from driving the unemployed to accept the market wage which might be as low as, or lower than the dole.

The point of this reference to the difference between feudal

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ism and capitalism. I do not argue any proportion as to the relative merits of the two systems and certainly not to plead for a return to feudalism. The point of view, is that property rights are not synonymous with modern capitalism, or that a regime respecting private property rights can also impose social responsibilities and discipline on property owners which our present liberal system and American Constitution expressly exempt property owners from bearing. The point may also be put in this way. Whereas modern liberal capitalism requires a market expanding in geometrical progression for its successful operation, other systems maintaining property rights did not require any such rate of market expansion.

The constant cry of the liberal reformers is for a readjustment or revamping of the present system to get rid of some of its contradictions or mechanical defects. Why these readjustments cannot be made within the framework of the system is really one of the larger themes of this book, and cannot be covered fully in any one chapter. Suffice it to say at this point that the fundamental reason why a stable system of private

CAN WE RETURN TO PRE-WAR DAYS?

... cannot be operated under
... economic plan, a
... prevented from realizing
... century pattern of expansion
... have been reduced from two to
... and after the Americas, a new
... of nomadic nomads, a new
... may arise from the ruins of a new
... while the new continents are
... is being increased sevenfold
... of a few brief decades. The
... of liberal capitalism is the starting
... For a cycle of expansion, or growth
... nothing matters so much as the
... of multiplying flies or
... plants. You can start a rapid growth
... but not with several thousand
... growth cycle with several million
... investment—but not with several
... of the pleas by liberal economists and
... for a revival of capital investment, and
... to the ideal conditions of
... entirely ignore all this. The starting
... is the thing.

... of modern capitalism
... of closing markets and the new
... fascism and communism. Since
... the two operating formulas for the over-
... the financing on credit of
... the financing of pure debt
... In the United States financing
... great accompanying prosperity
... from 1914 to 1930, except for a minor setback

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And financing on credit relief for banks, railroads,
... and the attempt has been the formula from 1930
... The question whether we can resume the consumption
... of the boom days or go on with the relief
... of the New Deal, will be discussed in succeeding
... chapters.

CHAPTER III

CAN WE RESUME CONSUMPTION FINANCING ON CREDIT?

In this chapter I shall take up the question, Can we resume the consumption credit system? In the next chapter I shall continue the discussion, with attempts to answer the question, Can the present system go on carrying on, and Can we effect reorganization under the present system?

As to resuming consumption on credit is a workable system, it would be enough to state the question to have answered it. But, thanks to the material achievements of the last decade, the case for the consumption-credit system is a great increase in the productive efficiency of our machinery, and the third is a rise in the average standard of living and a 32 per cent increase in the real wages of the average worker between 1914 and 1928.

These achievements were, of course, marred by a slow but sure growth of technological unemployment and an increasing tendency for real wages to lag behind the rise in productive efficiency and the total output. But these defects, which the Technocrats and most schools of social critics used as good starting points against the system, did not suffice to outweigh the gains to be made or to prove it unworkable. The only thing one can say against the prosperity of 1929 is that it could not be kept up.

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President Hoover's Committee on Recent Economic Changes, in a report drafted in 1929, just before the crash, remarked the quantity that as human wants were rising, our production had to keep up and even enlarge indefinitely our production. For the depression has taught that the insatiable of human wants was due to do with the volume of effective demand for goods and services.

After the insatiable of human wants, the excellence of the latest financial machinery and the next best guarantee of continued prosperity under the formula of credit-financed consumption. Yet all that the excellence of the financial institutions and their operation served to do was to enable a bigger inflation bubble to be blown than the world had ever seen before, with this difference between the ensuing sequel and that of all previous bubbles—when the bubble burst the explosion was bigger.

Before 1929 it would have seemed necessary to argue the point that the volume of production could not be maintained indefinitely by lending people money to pay for consumer goods which they could not otherwise afford to purchase. This argument, stated more fully in my previous book, *Is Capitalism Doomed?* (see pages 17-30), runs somewhat as follows. First the buyers whose added consumption is financed are, in a short time, borrowed up to their limit and thereafter they are forced to buy and consume less by the amount of interest they have to pay, than they could buy, pay for and consume had they never borrowed. Second, the receivers of the interest will not consume or reinvest their full interest income because, among other reasons, the payers of the interest are consuming less and so furnishing less incentive for the investment of new capital.

All this has now been demonstrated practically by depression experience. In this connection it is not amiss to remark that Professor E. R. A. Seligman, the dean of American economists, wrote *The Economics of Installment Selling* at the peak of the boom, this work being subsidized by General Motors Finance Corporation, as an objective study of consumptive credit. The

CAN WE REEVALUATE CONSUMPTION FINANCING?

...the bank ...
...reserves ...
...new loans and ...
...growth would give

... and panacea generally fail to per-
 form the wished-for work of giving
 money a more definite and more than
 a transitory influence upon the end of
 the money market. The quantity of money sav-
 ings is not so great. And quantity of money sav-
 ings is not so great. In the case of a vast majority of the
 people, the money is used for the purchase of goods and
 services. It passes through their hands, and this money
 is then spent as fast as received. If the poorest half
 of the population received a ten per cent increase in money income,
 they would, it is to be assumed, spend the entire ten per cent
 increase. If the other two per cent of the people received ten per
 cent more in money income today, it is fair to assume that
 they would be inclined to increase to this extent. In the case of the
 surplus money held by those who can save, or the surplus
 money held by banks, quantity has little to do with use. Only
 the general business situation, or the prospects of making
 a return on a safe, for the principal, determine the bulk of
 savings made either by banks or individuals as to the use
 made of surplus money.

Only during the past year or two have professional economists come to recognize that a dollar saved and deposited in a bank is not, necessarily, a dollar invested in new capital goods. Up to five years ago, it was dogmatically asserted in every respectable economic text book that a dollar saved was, necessarily, a dollar invested. Making this assumption served a useful purpose as propaganda. For instance, extreme conservatism

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There could be no reason for this promise or reason that the greater
the more the more in income, the larger it will be the savings
and income, the greater the increase in wealth, the capital for
the economic ruin of man and with this malicious aim
is planted at the basis of the discussion any attempt to
open to the question of the effects of unequal distribution but on of
and be completely crushed
and the promise that the money and

I am from the same fallacious promise that the money and credit holders, and the quantity theory of money believers, have invariably resorted to the conclusion that more money, rather than more money for people who have no more than an average income, is the cure. The crux of the problem so far as getting money spent is concerned, is that two-thirds of our savings are made by 2.3 per cent of the families of the country, or those having incomes in excess of \$10,000 a year, and that our total savings do not get invested in new capital goods as fast as accumulated.

It is not the fact that savings are more, but the fact that savings are not promptly converted into demand for new capital goods that is responsible for the initial decline in total production and consumption. The reason why savings are not continuously and fully invested, or, at least, is that consumption does not increase fast enough. And, one of the chief reasons why consumption does not increase fast enough is that so much of the national income is being withheld from consumption or saved. This dilemma is fully explained in the series of the Brookings Institution, on *America's Capacity to Produce, America's Capacity to Consume and The Formation of Capital*. The dilemma is in no sense a monetary one.

The ministers and I do not ever propose anything quite as simple as having the Government print and give away so much money to so many poor people just for the sake of getting the money spent. If they did, their case would be much stronger in logic though not in political discussion. And, of course they never propose anything as obvious and sensible as having the Government take so much money from so many people who are not spending or investing it and give that

CAN WE RESUME CONSUMPTION FINANCING?

money is not a thing, it is a power, and only it that they can use to get what they want. The basic assumption of the theory is that money is a thing, and only it that they can use to get what they want. The basic assumption of the theory is that money is a thing, and only it that they can use to get what they want.

...bank schemes work on a theory... necessarily, and would work... or credit shot in the arm. The... put out more money, or causes... put out more money which is... that the Government... something for nothing. And no one... taken from him for nothing. Everybody... gets his money's worth. When it is all... be more money and more goods to...

For these money theories and policies for getting more money into use (or really into the banks) have been, and are being, followed out by the Roosevelt Administration. Chief among these policies is that of having the Government offer to buy gold at a price of \$35 per ounce, though in practical terms quite different. It offers 22 grains of fine gold for \$1.67 whereas it actually pays \$35 for each ounce of gold. Thus, the Government gets out \$67 cents more for the same quantity of gold, which it does not have any earthly use for, as it already has more gold than it requires. But almost every monetary theorist felt that if the Government paid \$67 cents more for a given quantity of gold it could be used, prosperity would follow. This measure was also expected to help the debtors, who, obviously, have no gold and who have had just as hard a time getting a paper dollar since 1933 as they had before. Of course, had the yearly gold output of the United States been increased several hundred per cent as a result of the higher buying rate for gold the Government could have put out a great deal more money.

But doubling the American yearly output of gold for the

THE COMING AMERICAN FASCISM

low price would not mean putting out much more than an extra hundred million new paper dollars, a mere trifle for a government which is spending six times that much in the woods. CCC was to chase caterpillars and pay around in the woods. If the millions had on a horizontal the Government to buy the peanuts tendered at sixty-seven per cent above the market price of June, 1933, we might by now have half the United States in peanuts with a resulting crop that would take several billions of paper dollars to pay for, thus giving the country a real dose of inflation. Moreover, the peanuts so produced in car loads might possibly find uses which the gold being acquired by the Government and hoarded again under the earth certainly does not find.

It is only fair to the monetary and credit believers to say that their theories, as well as the underlying assumptions as to a dollar saved being a dollar invested, and as to banks being forced by increasing reserves to increase loans and deposits—assumptions common to orthodox economics as well as heterodox monetary systems—did not appear as mad in the eighteenth century, or even up to 1929, as they now seem. During the eighteenth century there were usually more good borrowing risks at high interest rates than the banks had reserves to take. And so it happened, to cite but one conspicuous instance, that in 1879, following several years of depression, recovery was greatly assisted, if not actually started, by a few hundred millions of dollars being added to our cash and gold reserves by reason of the happy combination for the United States of a bumper wheat crop and a drought over the major wheat producing areas of Europe. Today, pumping two or three billion dollars of new money into the money stream or the reserves of the banks, may be compared to forcing heavy doses of food on a man whose chief complaint is an inability of the stomach to receive or digest food.

Banks do not lend a money or use their surplus cash reserves to increase loans and deposits, merely because they have such surpluses. Banks lend money only if they see a good chance of getting it back with interest. Making money easy, cheap or

CAN WE RESUME CONSUMPTION FINANCING?

There is no doubt that the world is in a state of financial confusion. The situation is not only a result of the war, but also of the post-war period. The world is in a state of financial confusion. The situation is not only a result of the war, but also of the post-war period. The world is in a state of financial confusion. The situation is not only a result of the war, but also of the post-war period.

A world situation to have been created in more than a natural order in respect of money. It is not only a result of the war, but also of the post-war period. The world is in a state of financial confusion. The situation is not only a result of the war, but also of the post-war period. The world is in a state of financial confusion. The situation is not only a result of the war, but also of the post-war period.

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THE COMING AMERICAN FASCISM

The currency money in circulation would have to make up for the or of twenty billion of bank deposit money. The situation is not only a result of the war, but also of the post-war period. The world is in a state of financial confusion. The situation is not only a result of the war, but also of the post-war period.

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Simple logic as well as the most exhaustive study of economic history in fact is that if all prices are moved up so many points and kept there, no one is any better or worse off, and that if certain prices are raised more than others, certain persons will profit on the losses of others. It is, however, always easy to whip up enthusiasm among farmers and business men for a price rise, because through it they can at once figure on a quick and sure money profit. They do not pause to reflect that the profits from such price rise must be lost when they turn around to restock or to consume the goods. A study of price movements over a hundred and twenty-year period shows an almost even division of total number of years into years of rising prices and years of falling prices. Good times, of course, went with rising prices, and bad times with falling prices. These periods of rising and falling prices resulted from the play of relatively freely acting economic forces and not planned price manipulations.

Nothing in sound theory or actual experience warrants the hope, or which the early New Deal philosophy leaned heavily,

CAN WE RESUME CONSUMPTION PLANNING?

$\frac{d}{dt} \left(\frac{\partial L}{\partial \dot{x}} \right) = \frac{\partial L}{\partial x}$

CAN THE SYSTEM CARRY PERPETUAL
DEPRESSION?

These optimistic findings of business recovery throughout the world are based primarily on misleading citations of statistics which show greater economic activity or steadiness in 1934 and 1935 than could be seen in 1931 and 1932. They take little account of the New Deal in the United States, a major war of conquest being waged by Japan for the past two years.

CAN THE SYSTEM CARRY DEPRESSION?

...in an engaged in all ...
...the economic process ...
...of the unemployed. Production has been increased ...
...the numbers of 1932 were to be used, but employment has ...
...been increased accordingly.

As the bank loans to private enterprise, they have declined ...
...in the volume by about 45 per cent, or over twenty billion ...
...dollars during the six years of the depression, and they have ...
...declined since 1933. Their shrinkage continues in 1935 ...
...as a result of a mild inflation of prices. From June, 1934, to June, ...
...1935, bank loans declined by about a billion dollars. Perhaps ...
...the most conclusive index of business conditions is that fact ...
...that the amount of money going into new capital issues ...
...of bonds and stocks to finance private enterprise. These figures ...
...are published in the *Commercial and Financial Chronicle*. If more money ...
...were put by investors into industry and trade to create new ...
...productive plant or working capital, then there is recovery in progress. ...
...It cannot be said that there is any recovery in progress. ...
...Let us follow the table tell the story of new investment before ...
...and during the depression up to the middle of 1935.

THE COMING AMERICAN FASCISM

employment during the two years preceding June 1, 1935, ...
...as we have shown any marked change for the better in the ...
...number of the unemployed. Production has been increased ...
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...productive plant or working capital, then there is recovery in progress. ...
...It cannot be said that there is any recovery in progress. ...
...Let us follow the table tell the story of new investment before ...
...and during the depression up to the middle of 1935.

New Capital Going into Corporate Issues of Stocks and Bonds

(The remainder of the new capital issues total is taken up by governmental and foreign issues.)

The figures indicate units of one million dollars.

	1933	1934	1935	1936	1937	1938	1939	1940
For the entire year	533	54	153	91	91	1010	1019	1019
For the first six months of	253	250	125	375	424	424	424	424
Each year	100	99	59	150	131	366	464	366
For the entire year	1917	1915	1915	1914	1913	1912	1911	1910
For the first six months of	91	81	157	420	331	424	424	424
Each year	235	231	119	270	231	231	231	231

New capital going into private investment is the surest ...
...index of business health. Such investment, as is seen from the ...
...figures, is a tragedy over three billion two hundred million ...
...during the first six months of each year during the five-

CAN THE SPECIAL CARRY THE BLESSING?

... by less impersonal, mechanical and ...
... the more typically psychological or human behavior ...
... we can surely see on from the fact that ...
... first measure passes a really ...
... make bigger and more determined rank on the public ...
... If the Government is to remain ...
... to spending money according to the views of a favored ...
... of the President and ...
... to aid recovery, to relieve suffering groups and ...
... and to get votes for elections, why shouldn't any group ...
... use whatever means it can command to get some of the easy ...
... money and why shouldn't any individual win a money ...
... seeking pressure groups as he can and support their drives ...
... on the public treasury for what he can get out of them?

The question can be worded somewhat differently. If Senator ...
... and Mr. Hopkins (merely to cite at random two ...
... reputable public men whose course's the President ...
... is to proceed to seek in money spending matters) have so ...
... much to say about spending so much money, why isn't it good ...
... democracy to enlarge the list of such course's and interests? Why ...
... to the representatives of other groups and interests? Why ...
... shouldn't my friends and my friends get jobs as well as Mr. ...
... Harmon, Mr. Hopkins, Mr. Farley and Mr. Tugwell's ...
... friends? Why not, indeed? There is no law against it. And ...
... there can be no liberal law against it. Whatever is legal in the ...
... pursuit of self-interest or in the exercise of, or threat to exercise, ...
... the scales has to be protected by the system. It is hardly ...
... essential for the business men who have lobbied or ...
... threatened lobbyists their lives for special privilege legislation, ...
... such as tariff raising and on the consumers' demand the ...
... war veterans or some other group for playing the same legal, ...
... democratic game.

Why is a more unpatriotic or less public spirited for war ...
... veterans to try to get the rest of the world than it was for ...
... the war profiteers during the war? It may be said that two ...
... wrongs do not make a right. But here there can be no ques-

THE COMING AMERICAN FASCISM

... say B, and so on and he has run clear through the ...
... the more typically psychological or human behavior ...
... we can surely see on from the fact that ...
... first measure passes a really ...
... make bigger and more determined rank on the public ...
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CAN THE SYSTEM CARRY DEPRESSION?

53

... are being destroyed and twenty millions are being ...
... on the ... and defeat impossible. If the ...
... the war it have it in peace ...
... themselves out of human ...
... And it is the people to whom ...
... The best hope of the ...
... that the elite can't take it any more ...
... percentage of the population ...
... and can't in most others.

CHAPTER V

CAN WE REORGANIZE UNDER THE PRESENT SYSTEM?

We now take up the fourth and last of the main questions for discussion as a part of our attack on the larger question whether the present system is workable. In our chapter we reached the conclusion that a return to the 19th century, pioneer frontier expansion pattern is out of the question, mainly because we have not the requisite starting point. In the next chapter we were forced to discuss, as highly improbable of realization and wholly undesirable to undertake, any large scale resumption of consumption financing on credit along the lines followed between 1915-1929. And in the last chapter we estimated the chances to be about fifty-fifty that the system can go on financing the costs of the depression until the outbreak of the next war, which seems likely to start within the next five years.

In this and the next chapter we are closing out the attack on the workability problem with a discussion of the chances or possibilities of reorganization within the framework of the fundamental principles and institutions of the present system. It is, of course, one of the premises of fascism that reorganization under the present system is impossible. And it is a proposition about which all sound exponents of capitalism must find themselves in agreement with the fascists—that the present system can only operate successfully (assuming, as the defenders of the system assume and as the fascists deny, that the requisite conditions for operation still exist) if reorganization and readjustment can be effected. The issue is not whether reorganization is necessary, for that is universally conceded, but whether reorganization is possible. So far, the alternative

CAN WE REORGANIZE THE PRESENT SYSTEM?

...the method is merely produced by a further expansion can ... the corrective forces of a frontier expansion can ... the purpose of the system is supposed to affect ... its own reorganization or readjustments automatically through ... order of eggs and economic necessities of private in- ... value each arising in its own supposed self-interest if it does ... not to happen, the fact and the fact alone suffices to prove ... a wholly of liberal capitalism exactly as the failure ... a whole organism to eliminate its own poisons is proof ... that it is not working and that a condition exists which, if ... not promptly corrected, results in the death of the organism.

The obvious consideration is persistently regarded by a ... numerous school of facile 'liberal' writers, of whom men like ... Arthur Schlesinger are typical examples. Prosser, their best ... defense is to say that they have to do for the liberal economic ... system what the doctors do with social for a diabetic system, ... namely keep it alive by helping artificially to eliminate its ... poisons which it would otherwise be powerless to prevent ... from proving fatal.

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The problem of reorganization and readjustment can really ... be thought of as one of getting rid promptly of poisons in the ... economic system which the system is supposed automatically ... to eliminate and which it is not eliminating. After unemploy- ... ment, the chiefest of these poisons, it will generally be ad- ... mitted, each of which there is no controversy in this coun- ... try several more billion unpaid, uncancelled and unrepaid, ... but early unpayable. Within the scope of this generalization ... is to be included the ten score billions of public debt. The ... capital system everywhere got terribly into debt through the ... War and its sequels and, as I pointed out in my *Liberalism Doomed* written in 1921, capitalism during the depres- ... sion is suffering not from War losses which have been more ... than replaced, but from the paralyzing effects on world trade ... caused by lingering War debts, both national and interna-

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...the long nations of the world are critically... our government, now... has repaid... and now that so many... ties with their debt... that debt is one of the major mal...
...this clear. The study ent... The... published in 1933... Fund, gives a fairly good picture...

Class	Amounts in \$, 1928 of Dollars Lent During the Year	End of Year
From commercial banks	\$ 5,500	\$ 5,500
From other sources	27 14	1 71
Total	32 28	6 21
From commercial banks	1 325	1 254
From other sources	17 510	3 73
Total	18 835	4 98
From commercial banks	18 835	4 98
From other sources	14 77 (30,000 in 1933)	5 17
Total	33 612	10 15
Total reported debt	134 285	37 89

In addition to this total for so-called long term, or funded debt, there is short term debt to be considered. The difference between what is commonly called long and short term debt is purely nominal for most of the short term debts are really long term debts. Most short term debt is not paid off at maturity but renewed, not with the same bank, lender or creditor, or, then through borrowing or obtaining credit from another. A short term loan from a bank is paid off with the proceeds of a new loan from another bank. For the purpose of drawing conclusions about the effects of interest and other money obligations, long and short term debt are practically the same. The Twentieth Century Fund investigation completed our total short term debts as follows: (*The Income Debts of the United States*, page 301).

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Short Term Debts in the United States in Billions of Dollars	End of 1923	End of 1932
Size of Debt	547	589
Short term business debt	4	14 4
Short term personal and household debt	11	103 6
Total short term debt	15	118 0
Total long term debt	532	471
Total debt	547	589

Unfortunately, there are no reliable figures showing by how much the total debt structure of the country has changed during the depression or between 1929 and 1933. Bank loans have increased during this period by about twenty millions, and it is a reasonable guess that long term debts have been reduced by about ten billions through the processes of bank failures, mortgage foreclosures and corporate reorganizations. The amount of net total reduction of debts is smaller than may be imagined, for the deflationary processes have been considerably modified by government action and voluntary agreement between creditors and debtors. And the net reduction of private debts has been offset by the net increase in public debt, aggregating for the first six depression years about fifteen billions for federal debts, and at least two or three billions for state and city debts. So it seems a fair guess that the net total of fixed obligations bearing interest, has not been reduced by more than ten billions, or five per cent, for both long and short term, during the first six years of the depression. The most significant statistical, or numerical, fact about the debt burden, perhaps, is that while the total national income in 1933 was only fifty-seven per cent of what it was in 1929, dividends thirty-six per cent, rents and royalties fifty-two per cent, wages and salaries, fifty-six per cent, the money lender's portion, or interest, was ninety-five per cent in 1933 of what it was in 1929. This is the feature of loans or interest which contributes most to producing general maladjustment. Obviously a five per cent reduction in debts or a five per cent reduction in interest charges, does not cor-

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respond to the per cent reduction in production of post-war period. It is not necessary to mention a certain line of thought which is the basis of the present system of production. It is not necessary to mention a certain line of thought which is the basis of the present system of production. It is not necessary to mention a certain line of thought which is the basis of the present system of production.

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matched by twenty-five or even thirty-five million dollars of public debt. The result was fifty per cent higher than the present. And consequently, it may be true that the new debt was fully covered or secured by a physical asset as was a million dollar block of mortgages used to finance the building of New York City tenements in the early 1920s.

But there is this difference to note. Due to heavy immigration the tenements found a market of tenants at rents which quickly amortized the construction costs, while many a Fifth Avenue office building or hotel constructed during the boom never had a chance of finding tenants at rentals to carry over- and amortize construction costs. The same difference between the good and bad reference to debt incurred to develop the production of plants of basic industries like mining, textiles, farming and the many steel companies launched in the 1910s and the few nearer to finance during the 1920s expansion of production in steel, copper, petroleum or raw materials is the thing that secures any business debt and not the physical or productive asset created with the proceeds of the borrowing.

To point out the inconsistency between the usual statement of the productivity of debt and a large part of current business practice (leaving out of account entirely consumption loans or war debts) would involve a voluminous analysis of modern business. We may look briefly at some of the facts which are inconsistent with the theory as propounded by the advocates of money-lending. Thus we shall see what fascism has to do to make a system of private ownership and management workable so far as arrangements involving capital income or reward are concerned. The ruling principle must be that capital and management reward must be kept in continuous and flexible adjustment with economic positions, and that legal and institutional arrangements—like loan contracts, bonds, legal concepts of just compensation, due process of law,

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and confusion must not obstruct executive action of government. In the present emergency, the government must take prompt action to reorganize the system, and prevent further losses.

It is a well known fact that the supposedly automatic correction of the system for bad debts, and the other measures, are not sufficient. We may say, "We can do it." Hoover, in effect, said this when he later met the National Corporation and the Reconstruction Finance Corporation.

A more typical and important example of the neoclassical theory of the market with the productivity theory for

the productivity theory, a railroad should be reorganized for the capital investment which creates

earnings. Replacements and betterments which do not increase earnings by lowering operating costs or

if the traffic remains constant, but it is not to be increased by new borrowing but out of income, whether such

income be made available by raising interest, dividends or

or whether it be made available by increasing charges. New and more comfortable cars do not necessarily or even

or they increase operating costs. New and more comfortable passenger transportation may be necessary to meet the competition, but

it is a waste of money that outlay to enable the railroad to hold its own in an investment which increases traffic or

or it is a waste of money spent on new equipment if the money lost is not replaced by a rate of return to meet competition or to

or it is a waste of money spent on new equipment if the money lost is not replaced by a rate of return to meet competition or to

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on the new terminal be added to railroad operating costs, it

does without saying that net earnings will be diminished

more than increased by the terminal. The terminal, doubtless

should be built, but it is in no sense a capital investment

out of the productivity theory of loans. The new terminal is as

much a social investment as a new public library or city hall

; should not be financed by bond issues but out of income or

surplus. It is an operation cost and not a capital investment

It is a civic adornment.

Now it is largely as a result of financing replacements and

betterments, whether granter stations or more commodious

and service equipment, with an increase in railroad debt,

that we today have a railroad debt of some fifteen billion

dollars and an available net income to serve these capital

charges, even if all common and preferred stock were exten-

sive, which does not allow two per cent on the total rail-

road debt.

Why were these replacements and betterments so gener-

ously made? Answer: Because the managing or controlling

bankers were in a position to profit personally on the building

and purchasing contracts. Why were these replacements and

betterments financed by such large issues of new bonds and

company trust certificates? Answer: Because the bankers

controlling the railroads are merchants of securities. They are,

therefore, interested in having the railroads sell as many

bonds and the investors buy as many bonds as possible, regard-

less of how unsound the bond issues may be.

The average college professor teaching economics will tell

his students, out of the depths of his ignorance of business as

usual, that the bankers have an interest in selling good bonds,

or, if they sell bad bonds, it will cover against them, all of

which is a large assumption, for the following two reasons:

When bankers sell bad bonds they make money on the sale

of the bonds, and then collect bond interest and dividends on

the interest, reorganization and refinancing of the

railroads which they have wrecked. Almost every investment

banking house has wrecked and reorganized rail-

roads.

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and a very important part in the working and reorganizing of the system. Moreover, no matter how many and how large the banks and the other financial institutions, the latter must go to the banks for money or for other financial services when they need them. To whom else can they go for investment in the banks?

What about the replacements and betterments not paid for by the banks since the War, especially during the boom years and the new financing? Answer: Because the banks were not only interested as merchants in the boom years, but they were also making large speculative profits through the ownership and manipulation of railroad bonds, while they had the roads borrow as much as possible to provide a favorable dividend and propaganda picture for the common stocks.

What about government regulation through the Interstate Commerce Commission and the state commissions, not to prevent the bankers from getting railroad finances into their present mess? Answer: Because of the doctrines, self-conceit, metaphysical and wholly irrelevant to modern economic problems, which the Supreme Court is allowed to apply to government regulation of railroads and utilities.

There is not space in this book to analyze cases and point out in detail the incompatibility of Supreme Court decisions with the development of any government regulation adequate to insure sound railroad or utility financing and management. Briefly, it can be stated that, in respect of the creation of debt and accompanying capital charges, some totalitarian economic theory has to be followed. And it is of the essence of our judicial and political system that no such theory can be made explicit or effective. The chief purpose of our institutions so far as law and government administration are concerned, would seem to be that of making explicit and effective a political theory developed in the 17th and 18th centuries and appropriate only to the conditions of those days. About the only economic theory which our courts can be said to follow is that they have the right to pass on each and every speculative

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act of government affecting a property right for the purpose of deciding whether that act involves conflict on without just compensation or is an arbitrary, unreasonable or unconstitutional exercise of governmental power.

This amounts to saying that the only governing economic theory, the economic and theory it can be tried, revolves not around present day social means and ends but around the court's definition of the terms "confiscation", "just compensation", "arbitrary", "unreasonable", and "unconstitutional", as well as around the court's interpretation of a voluminous set of facts in each case the complexities of which the judges usually have neither the time nor the technical competence to master. The average American judge, including the average of those on the Supreme Court, having no adequate training in advanced accounting, is no more able to find his way through the books of account of a modern railroad or utility, or through the books of account of a modern company and its bank relationships, assuming he ever tried to do so, than he would be to find his way through the African jungle. To suppose that a judge who could not possibly give a clear statement of the complicated financial arrangements, practices, and interlocking relationships of one of these modern corporate setups can determine equity in a given case involving these arrangements, practices, and relationships, is one of the fictions of our legal jurisprudence.

It would be a comparatively easy matter for a corps of business executives, accountants and economists, assuming they were subjected to adequate superior political direction, to draft a body of theory, and administer a set of rules of practice, to realize any set of feasible social results. One of these results might be keeping capital charges or debt in a constantly workable relation to earnings or to the part of income safely available for meeting capital charges. Such administration could not guarantee any rate of earnings or return to capital, but neither can the present system of the bankers and lawyers. Such an administration, however, if freed from the 17th century inhibitions and imperatives of the present American legal

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...and the amounts so small, as to constitute a risk not worth the premium paid by the insured. And if the defaults in a year ever exceed two per cent, the guarantee will be worthless for defaults in excess of one per cent. To charge one-half to one per cent a year for one or two years for insurance which can only be good for one year, or the risk assumed is obviously the next thing to zero. Human mortality risks are calculable on the basis of past experience, and we are authorized to expect that never more than a certain percentage of the insured will die in any one year. Mortality risks on loans cannot be so calculated, however, for one can fairly assume that any given percentage of defaults, certainly not the maximum of two per cent, will never be exceeded in any given year. The phenomenon of a business depression may afflict twenty-five or even a hundred per cent loss on loans. No one can set aside a reserve for depressions which will constitute any real insurance, since no one can tell, as this depression demonstrates, what the percentage of economic losses of a depression will be until the depression occurs.

...and economic control or regulation... to require with the doctrine of... or with the principle of... judicial review... far as to... a regulatory matter... not a loss seven per cent on a... mean that seven per cent is the... a fair return on utility... a regulatory agency of govern... rate of return the Supreme Court... hold confidentially, a given... tried by the Court. Nor is it... prevent all government regulation.

On the other hand, the courts leave a comparatively large area of regulation free from judicial interference or review. They only intervene, as a rule, where regulation is brought within important social consequences.

To illustrate, at random, one more important field in which there is no regulation: the mortgage market. It may be said that the most obvious consideration of public interest would have caused government to prevent these mortgages. I give this example mainly because it is easy to state briefly and to deny the ruling considerations. A company with a capital of twenty million odd dollars has an obligation to guarantee over a billion dollars of mortgages. Now, to form a sheet of that sort, it should be enough to show that if the guarantee has any value, the defaults in

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...and even year may be so few, and the amounts so small, as to constitute a risk not worth the premium paid by the insured. And if the defaults in a year ever exceed two per cent, the guarantee will be worthless for defaults in excess of one per cent. To charge one-half to one per cent a year for one or two years for insurance which can only be good for one year, or the risk assumed is obviously the next thing to zero. Human mortality risks are calculable on the basis of past experience, and we are authorized to expect that never more than a certain percentage of the insured will die in any one year. Mortality risks on loans cannot be so calculated, however, for one can fairly assume that any given percentage of defaults, certainly not the maximum of two per cent, will never be exceeded in any given year. The phenomenon of a business depression may afflict twenty-five or even a hundred per cent loss on loans. No one can set aside a reserve for depressions which will constitute any real insurance, since no one can tell, as this depression demonstrates, what the percentage of economic losses of a depression will be until the depression occurs.

A simple way to illustrate the fraud inherent in the insurance of loans or mortgages is to suppose that a company were to offer insurance of United States Government bonds against loss of purchasing power. Such insurance would be a profitable fraud, or at least something for nothing, for the following reasons. The Government can, as has happened in varying degrees in most countries, including our own, reduce the purchasing power of its money and consequently, of its bonds. If the government does not do this, the insurance will not be needed. If the government does this to any considerable extent, or say to the extent of more than a ten per cent devaluation, the insurance will be worthless. No insurance company could operate profitably and carry much more than a ten per cent reserve against such risks.

Considerations like these are obvious enough, but they cannot usually be made to sustain regulatory measures of government under our judicial system, in which the courts

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business venture. It was this consideration, almost alone, which convinced me several years prior to Hitler's advent to full power that his rise would be a more or less inevitable, and it was a prediction which I made to my friends, especially some of my German friends, who were vastly better informed as to German conditions than I am, and who are now in exile, could possibly see to this day.

It is not in human nature to bear indefinitely the charges of an interest on debt, and Hitler was the only political leader in Germany who was strong on German reparations payments. His own interpretation of this human attitude towards debt. The German people might have paid, as the liberal economists are now demanding, given a requisite willingness to make the necessary sacrifices. But people won't make the necessary sacrifices. They will rather make these sacrifices for war or revolution. For a man to go on meeting a financial obligation, it is not apparent to him that the obligation is connected with an admission of his present productive or debt-bearing capacity. And this seems good ethics and good sense. If it is not good law, it is so much the worse for the law.

These two points are too much disregarded by statesmen, lawyers, and economists who try to defend the integrity and bearability of present debt charges. It is no final argument for the soundness of a debt or debts generally to prove that the people could afford to pay the interest if they made the necessary sacrifices. Suppose they could, but suppose they cannot afford to pay these charges plus the additional charges requisite for new financing to create work for the unemployed, to clear the slums, or, quite simply, to carry the depression. That is the rub. Why are new long term loan funds not flowing in adequate volume into new bonds and mortgages for new construction? It is not clear, because a few score billions of dollars of bonds and mortgages throughout the world have gone into default or are in one way or another. It is mainly because the lenders cannot see that the possible borrower, as a chance of meeting present debt charges plus new charges. Possible borrowers, in the main, do not see that they have this chance.

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These, however, and, consequently, do not apply for loans. These, obviously, are the main reasons why so many railroads are finding it necessary to go to the financing with the R.F.C. and why the issue of bank loans to non-governmental borrowers is steadily shrinking.

The doctrine that old debts must be swept away to make room for necessary new debts, at all, is but the essential principle behind the biological year of obsolescence, or the logic of the law of geometrical progression applied to a steady growth of debt. A great many people, whose piety derives from Calvin, as theologian of the 16th century shopkeepers and money lenders (rather than from Jesus, Aristotle or Moses, all three of whom denounced money lending), will say, "But the debtors had the money didn't they?" And with the posing of that question the whole discussion is thrown right back where the canonists left it over four hundred years ago, when the gold rushes to the new countries and capitalism got their start.

In those pre-capitalistic days the issue as to usury was argued somewhat in these terms. Ought a debtor to pay interest because he needed or wanted money for consumption, or because he made unwatered profits on a business venture and because, in either case, due to his necessity or miscalculation, he promised to pay such interest? To the question so stated, pre-Calvin Christianity, Judaism and Mohammedanism gave the same negative answer that Aristotle gave. For fifteen hundred years Christianity said that money lending was a sin, a fact which seems to be little known or appreciated by many present day Christians who make the payment of debts a high ethical imperative. Christianity has changed in this respect, but the words of Aristotle, the Bible or the theologians of the Christian Church for fifteen hundred years remain unchanged on this point.

Briefly, the old or traditional doctrine of the world's pre-capitalist exponents of ethics as to interest, stripped of the molasses of the dogma of Aristotle and medieval scholasticism of the Christian Church, amounts to saying something like this:

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They who have expressed regret that it has proved so hard to make the American people understand that European debtors cannot pay, are surely glad that they are unable to sell us the same story.

It has never occurred to the advocates of the American debt that every debt presents a transfer problem and that the problem is fundamentally the same in every case. In order to be able to pay the debt, the debtor must sell at a right price for his product or services the money or payment of the debt. The Iowa farmer or the miner on the mine pays his debt, has the product or service of Iowa corn or personal services into New York, and as much as the British Government has the money to convert its British goods into New York dollars. It is not a British debt from selling British goods for New York dollars to pay a British debt to an American creditor, but a high tariff does not under the name of protection services produced by the American debt to the American creditor.

It is true, of course, that the advocates of War debt cancellation have been furthering the propaganda of the financial community of New York, which would have been glad to have had the War debt sale as a pie in the sky, provided the American national debt were repaid. It is not strange that the American people have received with manifest resentment the propaganda of eastern seaboard capitalists and their endowed press organs in the seaboard world, in favor of War debt cancellation while practically nothing was being said by the same financial or intellectual communities about the debt obligations of America.

Of course, War debts had to be cancelled and fortunately the League gave pause to this matter for us. It is most unfortunate that the British never broke the allied front against the American policy of War debt funding. But if the government of Great Britain cannot keep its agreement and pay its debt because of economic adversity, why should Farmer Brown be held to his agreement when crippled

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by even greater economic adversity? If one important body of debts, like War debts, must be cancelled or drastically reduced, a similar measure of relief must sooner or later, be accorded to all debtors. The credit and debt structure of any country is an integrated whole. If the tax payer of the United Kingdom is given a respite of some five dollars a year through non-payment of the American War debt, why should the American taxpayer be held to pay the interest on a principal of the fifteen billions of ours and the War debt owed to American buyers of our War debt? The only good argument against further reductions of public debts must be based on political and social convenience. It would be more convenient and equitable to eliminate our public debt burden by means of a capital levy than by means of repudiation or cancellation through further currency devaluation. But reduce this burden, we must.

A DEBTLESS ECONOMY THE IDEAL FORMULA

paper and metallic money, a state monopoly, a debtless currency, free of fixed interest charges and without a depreciation of currency which supplant the fixed money payments, remove the economic penalty, as the only remedy for private ownership and management which can be made to work, rather than a free market, where strikes and the economic life in land is not can be counted on to make the number of the elements of work too small to have cognizance of the economic law, or political economy. The only way to achieve economic equality is to convene rights and interests by one who can exert on all of creditor rights in interest the economic formula to be communism. But any sound road to socialism, in the next field, proceed on the principle that we have to scrap as fast as possible the theory and practice

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There would be no exemption of government bonds from the tax. Savings banks and insurance funds, however, would be protected one hundred per cent against confiscation. Thus there would be no expropriation, either by the state or by the government, except, of course, in so far as a tax on income devolution, or, in other words, a tax on the increase of income, is to be levied. This would, so to speak,

Second, a private and corporate debt would, so to speak, be set on one table of a National Tribunal of Debt Conversion which would carry out a number of different plans of conversion for different types of debts. In the case of the railroads and public utilities there could be a simple pooling of all indebtednesses, and their assumption by state administered holding companies for all the railroad's and public utilities joint. Then, whatever was deemed a fair and workable total payment of annual income would be distributed among the bondholders and claimants according to their holdings and claims. Thus, an amount for the railroads and utilities would vary from year to year according to economic conditions and policy. In the case of private debt, a great variety of formulas or settlements would have to be worked out, so to

THE IDEAL ECONOMY

The ideal economy is one in which the production of goods and services is sufficient to meet the needs of the population, and in which the distribution of these goods and services is equitable. This ideal economy is one in which the production of goods and services is sufficient to meet the needs of the population, and in which the distribution of these goods and services is equitable. This ideal economy is one in which the production of goods and services is sufficient to meet the needs of the population, and in which the distribution of these goods and services is equitable.

The economic outline of general principles for a program of recovery is a capital desideratum. It is obviously impossible for a government to operate on a present system. But it, or a much better one, is worth it under other conditions. Our present system and procedure in regard to property rights, made explicit by the economic interpretation and application of the Constitution and laws pursuant thereto (always in specific legislation), explain why any debt reorganization formula is impossible under the present system. Legal incentives, of course, can get around many constitutional difficulties, but as a general rule, only through recourse to devious expedients.

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It is not possible to have any scheme of national reconstruction which can meet or resolve any of the problems of the present. The only way to meet or resolve any of the problems of the present is to have a scheme of national reconstruction which can meet or resolve any of the problems of the present.

The Supreme Court, in passing the veto on the Reconstruction Finance Corporation bill, made it clear that the Reconstruction Finance Corporation bill was open to a veto. The Reconstruction Finance Corporation bill was open to a veto. The Reconstruction Finance Corporation bill was open to a veto. The Reconstruction Finance Corporation bill was open to a veto.

The trouble with the new view is that the Government cannot, with the present system, do any of the many things which are necessary to make good the deficiencies in income of the farmers, or in low wages, or in the unemployment due to lack of work, or in the widespread due to insupportable causes, or of the insupportable conditions due to interest defaults. Nor can the Government make up the deficiencies in present value of bonds, mortgages and notes held by banks, savings banks and insurance companies. For only a limited time can the Federal Government stave off food riots, farm revolt, railroad bankruptcies and bank runs by rushing funds to bolster up specific institutions which are weak.

The reason why depression problems, like debts, cannot be dealt with in the same way as flood or earthquake relief, can be simply stated as being primarily that of the sheer magnitude of relief required for these weak situations of the depression. The Federal Government could always spare a few millions, or even a few score millions, for specific relief. The theory of the Supreme Court, or, for that matter, of the system of which

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...for the Hoover or Roosevelt
...it is apparent that a more
...our Federal Reserve Act was
...Federal Reserve Banks to
...government bonds, and
...a power parable with
...which risk of
...A branch in the system's
...long series of failures of
...their duty, presumably in
...of the Secretary of the Treasury. In
...had bank examinations been
...standards for liquidity of bank loans
...enforced by the bank examiners,
...could not have con-
...months passed as they actually did, for nearly
...The two largest banks in New York could not have
...for speculative operations in their own
...bank examination had been fault-
...The National City Bank, under correct
...bank examination, could not have used twenty-five
...of new money from a sale of bank stock to
...the National City Company, a bad loan to a
...of writing it off surplus.
...Congressional Resolution in January, 1933,
...of the names of the borrowers of the R.F.C.
...the banks of the country, began folding up like jackknives
...the bank holiday closed them all. It was asserted in the
...New York in the *Saturday Evening Post* of June 15,
...1933 that "With the nervous public temper of the time the
...of these borrowings would be apt to subject them
...to the suspicion that their borrowing was because
...they were weak when, as a matter of fact, they were not." The
...writers, however, adduce absolutely no evidence to support

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...on that the institutions borrowing from the R.F.C.
...were not weak. If they were not weak, why
...from the large New York banks which
...were refusing all the available loans to
...banks, though they had large outstanding
...American economy and foreign speculators who were selling
...of having our gold for export? What
...New York banks have more than a country
...New York banks could not get it in
...which is "not weak," than the
...of Chicago for instance, which needed an eighty-
...from the R.F.C. and could not get it in
...New York though it was not weak at the time.

No one can convince an intelligent person that any Ameri-
...can bank is not weak as long as that bank fails to publish a
...statement of its assets at market value, or to make
...statements about the nature of its loans and loan poli-
...Most of the banks in the United States in January, 1933,
...were weak, and the best proof of their weakness then, as in
...1933 is the fact that national bank examiners allow them to
...their statements their books at cost price rather
...than market value. Moreover, the examiners allow them to
...carry frozen loans which good bank inspection would have
...purged from the bank portfolios years ago.

It is die even to talk about the possibility of financial re-
...organization in this country under the old system as long as it
...is impossible to have the truth published about the condition
...of operators of the banks without starting a run, and as long
...as it takes a billion and a half dollars of advanced Govern-
...ment funds to keep them open. It is safe, also, to try to drive
...the banks into the sheep and the goats, or the strong and the
...weak. If the Government were to withdraw its support from
...the weak banks and to impose on them high standards of bank
...examination, their closing would only precede and precipitate
...the runs which would close all the banks, as in March, 1933.
...The banks of the country must stay open or close together.
...Professor Parker Will is one of our most influential banking
...authorities, in an address on June 10, 1935 to the New York

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The Bankers Association found the members banks to work at a loss from a Federal Reserve System projected in 1913. The bankers would not have been so much in a hurry to have the Federal Reserve System if it had not been for the fact that the bankers would not be taken any more seriously than they are now. The bankers are the source of unemployment. The Professor W. L. will not be able to prove to the public that the doom of private banking is not inevitable. It is a fact.

The situation in the United States, however, is such that the banks, the principal merchants of debts, can operate in the United States. The people feel that the banks are guaranteed by the Government. It is not true, the bankers cannot speak to the Government nor can they allege any good reason for their existence once they fail to command enough confidence to operate without government support. The only possible recognition of this debt is that on would have to include the banks of banking, from which, on the Roosevelt theory, 1907 is far removed. With the nationalization of banking in either the United States or England, it can be said that liberal capitalism is at an end. The logic of it all is that the country needs money and credit, and the private bankers have shown themselves incapable both of financing recovery and of maintaining a money and credit system when times are good within the framework of liberal law and with common sense and common decency. To substantiate this drastic statement it is necessary only to read from the record of the Senate investigations of Wall Street, whether in 1913 or 1933.

With the debt problem is interwoven the fate of the insurance companies, college and charitable foundations, and the savings of private investors as well as the fate of the common people. Savings and investment bankers as a class. Strange as it may appear, it is still true that in high banking and insurance quarters there are many who maintain the attitude that if a nation takes the wrong way of the market, the route and the frame, it will be a good lesson to the middle classes for having supported Mr. Roosevelt. Little do they realize that the

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discomfiture of the middle classes can turn into a Roman holiday at which the big bankers will be supplying and not enjoying the fun. The big business leaders and bankers never would be missed while the middle classes cannot be undared. In this moment of crisis, it is amazing that so many business leaders should be rallying around the Constitution instead of around a leader and a workable formula for their own salvation, as well as for the future preservation of social order. It is such has been the business of the dominant class in more than one crisis of world history.

CHAPTER VIII

CAN WE RESTORE FLEXIBILITY WITHOUT PLANNING?

It will be recalled that in Chapter V we undertook to wind up the task on the question of the workability of the present system by posing for discussion the question whether within the framework of liberal capitalism necessary readjustments could be made to render it workable, assuming the required conditions for further operation are found. And, pursuing this line of inquiry, we discussed in the last three chapters the economic adjustments. It was pointed out that, in the United States, under the New Deal or under the processes of deflation which have been argued in advance or counteracted by government action, we have not, as yet appreciably decreased our debt total. And it was even that those countries in which debt burdens have been eased by inflation and currency devaluation have gone communist or fascist, or are in acute economic crisis. The present debt burden, we concluded, must be drastically reduced in a more tolerable way than through either orderly processes of bankruptcy and foreclosure or the disorderly processes of inflation and devaluation. Furthermore, a debtless economy is indicated as, perhaps, the only form for preserving any measure of private ownership and management. Getting rid of debt burdens in a satisfactory manner, and going on under a system of private ownership without debts or with only business and shareholders' capital, will require the intervention of a strong executive state.

There still remain to be considered many areas of maladjustments other than debts. To these we cannot devote the space their discussion in an adequate manner would require. We can only mention briefly, with a summary statement of broad principles, the facts that the price structure, supply and

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demand, and the movement of goods and capital in national and international trade since the War have shown increasing inflexibility, or to have to find working adjustments, one with the other. Thus during the boom the prices of finished goods did not fall as fast as the cost of producing them. Increased use of power and increased efficiency lowered production costs, while increased use of credit by powerful monopolies, in collusion with the bankers (both to hold surpluses off the market and to finance consumption at artificially high prices) served to keep the prices of raw materials and finished products from falling with the fall in production costs.

As a result of the increasing large spread between selling prices and production costs, so caused huge business profits were made. These profits gave support to an assured inflation of market prices of common stocks, real estate and earning properties generally, such inflation being aided by our friends the bankers through making available for pure speculation on common stock price changes as much as eight billion dollars at one time. In this way the stock market collapse of 1929 was rendered inevitable, and in this way the magnitude of the collapse was determined by the magnitude of the speculative houses. And this, since the bubble burst, just as business and financial leaders conspired to keep prices artificially high during the boom, practically every one has conspired during the depression to keep production costs from following the drop in wholesale prices of raw materials and finished manufactures. By production costs I refer particularly to the cost of money for new investment interests—the cost of government—taxes—and the costs of labor—wages. These production costs have not fallen as fast as selling prices, with the result, naturally, that profits have declined all the way to large margins or losses in many industries, and with the further result that millions of workers who could not be profitably employed have been thrown out of work and kept out of work. The facts stated are matters of such common knowledge that it seems wholly unnecessary to give figures or elaborate explanations.

Now an iterate exponent of the theory of capitalism will

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labor, bankers, business managers, investors and wage earners work out better the present prompt and successful adjustment of given more legal freedom and if interfered with less by government.

Now it would be ideal for purposes of setting arguments and making a definite determination if the American elections of 1936 were based on the issue of more or less laissez-faire, and if the winning candidate campaign pledges and really gave the country a more liberal policy of laissez-faire. Then we could make some definite pronouncement, and perhaps draw some instructive and valid conclusions based on pure experimentation. Unfortunately, however, while some Republican arch-conservative may well run on a platform which includes a handsome homage to laissez-faire to cheer a Park Avenue and Wall Street financial reaction, the platform will also include all sorts of vote-catching promises of special favors to regional, economic and class interests, such as the tariff sheltered American industries, agriculture, the West, the South, the A. E. of L. and the veterans, most of which promises will be inconsistent with laissez-faire.

And whatever the promises of laissez-faire made, the laissez-faire candidate, if elected, which seems improbable, would continue to enlarge the present measure of state interventionism under the pressure of group obduracy and desperate economic and social predicaments. So nothing conclusive, or even instructive, about the merits of more laissez-faire is likely to be proved by any course of events, for the excellent reason that no political party or leader in power, or likely to come into power, is going to give us more laissez-faire.

The advocates of more laissez-faire, however, are a sufficiently important and respectable influence, on the whole, to merit a serious answer based, as it must then be, on theoretical speculation rather than any proof of the pudding by the eating. And it cannot be repeated too often that laissez-faire is the only authentic form of a liberal capitalistism for effecting necessary readjustments in the formation of prices, the movements of trade, or the balancing of supply and demand. Ade-

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quate refutation of the argument for more laissez-faire would have to involve a thorough examination of the basic assumptions of laissez-faire, something which is done sketchily in different connections throughout this book.

At first, and it would seem, a fairly impressive refutation of the argument for more of what is commonly called economic freedom, or what is really less government interference with the doing by certain people of certain things as the proper way to assure satisfactory adjustments and readjustments under the present system, is merely to point to the universal, admitted fact that the leaders of business and finance were extremely responsive for the chief incentives and policies which caused the maladjustments we are now told can be corrected or giving these same powers more freedom. The failure of prices to fall as production costs fell during the boom period was one of the achievements of our financial and industrial magnates, and was their proudest boast at that time. Who lent hundreds of millions of dollars for the maintenance of the price of copper, coffee, sugar and innumerable other commodities at prices which did not correspond to the indications of supply and demand? What could be sicker than the attempt to make it appear that tariff interferences with foreign trade are the work of the politicians, when, as a matter of fact, tariffs have always been written at the dictation of the most powerful business or economic interests?

It is an obviously desirable thing to have greater flexibility or adjustability in the price, wage, cost structure, or in the movements of supply and demand. But more laissez-faire or freer trade is not the way to attain it. Neither are the processes of parliamentary democracy. On the contrary history and present day experience are full of demonstrations that the more there is of what is commonly called laissez-faire, economic freedom, democracy or parliamentary government, the more economic maladjustments there will be, and the more difficult of readjustment they will prove. Not only high finance and big business contributed to the freezing of prices and the maintenance of artificial conditions of supply and demand during

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the boom but he must, through the democratic election, elected
re-elected, be responsible for the perpetration of all the
unpopular measures now before the Congress. And during the
transition period, when the adjustment is being made
between the new and the old, the bankers, the industrial
managers, and the labor union leaders? The issue has
been raised, and it is created during the other few
days of the year, and the answer has quite logically
been given. The answer is that they have been asked to support
the new system, the banker and mortgage system
and the question of bad real estate loans, and the
answer has been given and thus helped enormously toward
the new system's acceptance.

making power. The economic or professional class can be given all or most of the blame for the sickness of prices or the inflation. In all economic adjustments under the liberal capitalist system, all economic classes are offenders. One can or may say that the greater the economic or political power exercised at a given time, the greater the blame for these readjustments. It is on this ground that the bankers deserved a censure for so much blame. In 1914, they are quite right in most of their charges against their clients who, in 1929, wanted the policy of inflation and who, in 1935, want the policy of attempting to prevent the necessary readjustment of debts. The industrialists are quite right in most of their complaints against labor leaders for demanding wages which cannot be paid with full employment of now unemployed labor. But to the industrialists attaches greater blame for the inflexibility of prices than to the labor union leaders, because the initial and strongest force in checking a general adjustment downward of prices, and adding the price of labor has been, ever since the War the union value received between large scale industry and finance to stabilize prices and increase profits on bases which were obvious, unsound, and necessary, impermanent. The labor union leaders recently ought to play the same game, though always with poorer cards. Under the New Deal, the farmers have been playing

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the same game through the A.A.A., with the farm vote and President Roosevelt's agricultural obsessions as their high cards. He needs little argument, and no new evidence to establish the point that all the important economic factors of group interests have, both before and during the depression, used economic and political power equally to prevent the adjustment in prices, supply, demand, and trade and capital movements essential to the proper operation of the system. These interferences contributed to the collapse of the boom, and they are now contributing to the prevention of recovery, not that recovery would even be if these interferences were ended.

The consumer does call for considerable arguments to show that the farmer is not a victim of the system, that under the

Now contributing to the prevalence of the view that the liberal case for free trade is a mere truism, the discovery would even arise if these inferences were correct. What, however, does call for considerable argument is the point, one of the major points of this book, that, under the liberal regime and in the present world situation, the economic actors cannot be expected to behave in a way either to prevent or correct undesirable economic misadjustments. It is impossible to show why each and every specific reform proposal would be as binding about better total adjustment or than an easier adjustability. The proposals are too numerous and too complicated. Within any brief space, one can only attack the fundamental premises of the classical case for the economic harmonies of the game as it is supposed to be played under the liberal régime, and reiterate the fact that these harmonies are largely either fictions or incidents of a past frontier and pioneer era. The rebuttal of the liberal case in this respect is largely a matter of saying that more of the poison will not eventually prove an antidote.

The "strong case for economic liberalism today is made out by those who are hardly less vigorous than the extreme radicals in denouncing the abuses of economic power by monopolies and the financial powers. This case is well stated in a collection of critical essays entitled *The Economics of the Recovery Program*, published by seven members of the economics department of Harvard University. The essays are extremely naive and unopinionated which, of course, makes them the best sort of liberal defense. In the final essay, "Economics versus Politics," the writer strikes a high note in the great lib-

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[illegible]

... premise of the preceding quotation, which is
2.1 that... and... Adam Smith and economic
... power, and it is the...
... explains so much of the absurdity of liberal
... doctrine, if contrary to the assumptions about man
... conditions involving power, about the nature of the
... of society, competition, and about the ways of man in
2.2... the market, it happens that monopolies arise and
... power grows, or that the country as a whole goes on
... to get something for something in
... producing and exchanging goods and services in order
to thus advance to such purposes in every transaction, while
good... do not recognize their premises.

They merely try to banter them up with even more absurd explanations and recommendations. They will berate the wicked monopolies for their anti-liberal conduct, and rage vaguely about the curse of bigness, forgetting that some of the best things in our civilization we owe to the technical achievements of monopoly as achievements which small-unit enterprise could never have realized. They will then ask for laws to control these monopolies, forgetting that, under abuses of this kind, the Federal Reserve Bank officials and market manipulators will have more influence in the making, interpretation, and administering of laws than in the economics profession and the thousands in the country put together. They will try to make it appear that financial abuses or misdeeds are the

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of a small minority of the to a number of financial lead-
ers, recognizing the fact that the financial and industrial
elements form a series of closely integrated networks of
interdependence and interconnection, which no important policy or
movement can be committed to by any considerable number of high-
level individuals, but must be decided by the responsible heads of all the large
financial institutions and industrial corporations, or rather, of
the responsible policy-deciding heads of the two
dominant groups.

Of course the responsible policy-deciding heads of the two
largest corporations which control over two-thirds of the
corporate wealth are very much of a minority of the total
number of members of the business community. But if ninety
per cent of the business men and bankers are so ill-fry
and consequently never in the promotion of bad finance rig-
ging, the manipulation of stocks (including those of the largest
banks in New York) and the use of the resources of the entire
country, or have no share in combinations and conspiracies in
restriction of trade and market freedom, it is such to assume
that these members of high finance and captains of industry
are not part taken in by majority of business men and
bankers who are using fellows simply because the latter do not
approve of such doings.

Doing better, even into a pocket hat the liberal assumption about financial beings largely the work of unscrupulous and irresponsible individuals who temporarily occupy positions of power than the patent fact that the whole country went mad on a speculative orgy in which the chief objective was to get something for nothing. This may be thought of as an abuse of economic power by the majority or as a case of economic freedom to ruin by the many. It was both. The number of the actual gamblers was relatively small. John Flynn thinks it was well under a million. But whatever the number, it was too large to be called an insignificant minority. And it was too inclusive of all classes to be called unrepresentative.

So, more indulging of the liberal assumptions about the economic or social wisdom of the people in the free market is the fact that the foolish and anti-social attempts of several big-

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...a part of the law as the
...of a general defense as all in
...the point of conviction may
...the law gives the professional counsel
...the government the control of the
...of a criminal offense of the
...of an officer and a punishment
...of a crime, must be a crime
...of a crime, and has a crime
...it was as to no fault or negligence

...of a bank president who
...while advising his friend
...of a crime, and his friend
...of a crime, and his friend
...of a crime, and his friend
...of a crime, and his friend
...of a crime, and his friend
...of a crime, and his friend
...of a crime, and his friend

...of a crime, and his friend
...of a crime, and his friend
...of a crime, and his friend
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...of a crime, and his friend

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...to have committed the
...the mistaken belief that he was acting in legitimate
...such belief being based on previous legal advice,
...not to convict of murder. Under liberal capital-
...economic winners largely determine the thinking,
...the winning of the rules.

...caused by monopolies and anti-social
...economic opportunities in the free market
...due to excesses of liberties granted by the liberal system
...place by this system on the power of govern-
...to regulate economic activity and prevent anti-social
...and social conduct by important economic
...should be prevented by regulation rather than by
...after commission of the wrongful act. If the laws
...and a conservative practices or customs were determined by
...and political and economic theories who
...the authorized exponents of the system,
...the theory and the defects of the system
...the more consistency with the facts. But laws and id-
...under any regime, must be determined
...and not by those whom they sub-

...not a weakness of the liberal capitalist system that it
...monopolies and permits concentration of economic
...power in a few hands. For this is inevitable and may have
...desirable results, but these monopolies power do not
...it in a way to meet the immediate needs of social order and
...the there is no exercise of such power
...strong authoritarian, executive state, commonly called fasc-
...the merit not of eliminating the power of trading in
...the market but of exercising it in a more intelligent way,
...power over the market and the market in a more
...of national interest. The market is a
...Stop to business in the market, the market
...It is an interesting fact that the liberal case can
...prevent capitalists and owners from using expensive highways,
...or whites and orentials from intermarrying, without violating

any of the means which cannot regulate market prices or which would run the risk of a loss of control.

More means more power to the economic planners. It is not necessary to add, are not the people? Changing the scheme of economic incentives or government interference may, also, and in different set of economic winners. That if we have a set of winners, or come to a stoppage, relief payments to the unemployed, or abandoned all economic policies, we should have a long and bitter recovery from which would eventually emerge a new set of economic winners—that is, complete chaos did not supervene and no conflict.

Further, if the international trade war following tariff repeal, or a war between the capitalist-labor strike war following a sharp turn to a welfare had been won, the new economic winners would promptly avail themselves of liberal liberties to move and administration modified to suit their interests. We should then be as far from utopian liberalism as we are now and as we have always been. The same tendency to create maladjustments, and the same inability to effect readjustments, would still be manifest.

The obvious conclusion emerging from any searching inquiry into the possibilities of maintaining adequate adjustments and prompt readjustments in anything but a pioneer, frontier economy is that this must be a supreme test of social management or government. Its performance has to be the function of professional people, and self-interest of a political leadership of the nation. To achieve readjustability under liberalism we would have to restore the frontier.

CHAPTER IX

PLANNING A PROBLEM IN VALUE CHOICES

It is hoped that the discussion of the preceding eight chapters leaves the larger question of the workability of the liberal capitalist system as well answered in the negative as it can reasonably be expected that such a question could be answered in a few chapters and in advance of the only conclusive verdict, that of history. After all, the unworkability of the present system is only a premise or a hypothesis which, in the light of current events, seems to have strong probabilities of being proved entirely correct by future events. It is a necessary premise for the building of a successor system, without which we shall be badly off, and as the proofs of the unworkability of liberal capitalism continue to accumulate.

Assuming, then, as proved sufficiently for our purpose, the proposition that liberal capitalism is unworkable, or that it no longer meets satisfactorily, the imperatives of public order in the present situation. What are the order imperatives to be met by a successor system? and, What are the probable choices in the development of a successor system?

No one idea or principle can be called central or paramount in any enterprise as vast as that of erecting a new civilization on the ruins of an old one. But, for the purpose of making a quick intellectual approach to this enterprise, as a present day understanding, no word could carry the mind farther than that of planning.

Social planning is the outstanding imperative of public order and material abundance in the present day and in the near future. Of course, nothing makes it certain that the world will enjoy order and abundance in the coming era. Wells and Spengler see chaos ahead. Fascism sees no inevitable mellen-

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one in his mere existence, and the leading cause of the present crisis is the failure of the American people to make a united effort to secure the best possible work and which most people can make.

A question "What is fascist planning?" or "What is the fascist plan?" may be answered that whatever fascism, or the fascist plan, is, it is a reaction and does, in any given country, result from a combination of the requirements of successful management of the productive and distributive system, the goal of a social scheme cherished by the masses of the discontented, the will to seize political power, and of course from the play of the innumerable and complex factors of the world situation. This is why one cannot express the fascist scheme in the language either of liberalism, or communism, or any other system based on the assumption that it represents a monopoly of absolute truth.

The liberal's home rests on the ideology of supposedly eternal and absolute truths. These truths are but verbalisms, like equality before the law, freedom of contract, democratic self-government, free competition, just compensation, and so on. They sound impressive to the masses, who cannot possibly explain what these verbalisms mean in terms which harmonize the official definitions with the definitions furnished by daily experience.

The fascist scheme of things is an expression of human will which creates its own truths and values from day to day to suit its changing purposes. The logic of liberalism is that of organizing and conducting society according to revelation. Before the French Revolution and the conquest of English parties liberalism by the 18th century Continental rationalism, which was supposed to be revealed by God. Since Rousseau and Tom Paine, truth has been supposed to be revealed by reason. Whereas the meaning of God was one's conscience if one was a Protestant, and God's vicar on earth if one was a Roman Catholic, the medium of reason in the American liberal commonwealth has been supposed to be the courts. Like the present

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of the ancient courts who were ready to say what God or the gods revealed. In American courts are supposed to be ready to say what the Constitution and reason reveal through them. The human mind at large. If five of the nine judges agree on a project, it makes it law.

Fascism, in the other hand, starts out from a situation of fact and a situation will to do something about it, whether to alter or to preserve it. As a triumph of force, fascism is essentially an expression of the human will reacting to the existing situation of life in the eternal struggle for existence. Like all forces which are revolutionary in the beginning, it starts out as an expression of the human will to change a given situation to some other desired pattern. Truth, right, justice, and reason are whatever serves the fulfillment of this purpose.

It may be said that the fascist plan is what the people want or what the leaders want. But it may be said that fascism is the way to get it. Fascism triumphs because it is, among other things, a formula of fulfillment, which people are happy to turn to from the liberal formulas of defeat, frustration, and inhibition both of governments and private initiatives—in the air-crawling post-war situation. Liberalism today means millions of individuals who cannot do anything about some of the most vital personal problems, such as finding work and a place in the scheme of things—they can no longer go west or migrate—and governments which, because of legal and customary inhibitions, cannot do anything adequate about these great social maladjustments. Fascism may do the wrong things but it is not inhibited from doing anything. The chief plank in the social or political platform of most of the conservatives today can be summed up in the one word inhibition—inhibition of government, inhibition of the underprivileged, inhibition of anything in the nature of a vital plan of a nation.

To talk fascism, communism or 19th century liberalism, of course, is to talk a different language in each case. For that reason many people will have a difficulty in understanding this book, which does not reason from many customary assumptions.

American tradition to maintain the conclusion that, in meeting the challenges of the future, the American way is superior. The vigorous defenders of the private enterprise system, of whom there are many, of these days are not so sure. They are praying by even a small margin for a change in being behind the times. America is a country with and without a law, and a country with and without a practice, which is moving in a positive direction toward technological progress. The chief danger to the American way is the tendency to become the victim of the European intervention. Americans are not so sure of their own conservatism, or that they are not so sure of their own conservatism, or that they are not so sure of their own conservatism.

When we consider the different systems, most of which are trying to make the most use of the same machinery and tools, we are in the midst of some scheme of social order. Differences in values, or objectives, or risks undertaken, which are some of the causes of different specific situations, or of the means to be overcome, in the pursuit of given ends of objectives. There are no real differences in planning—let us say not Mr. Hoover or Mr. Mellon. There are only differences in the means and planning by the other fellow.

We have a wide range of values or objectives for national planning from which to make choices. As for techniques or instruments, we are untried as to their use except by the study of European precedents in planning, then from analysis of our own problems. A discussion of planning for America must assume a set of values, and explore the possibilities of the realization and the possible means to this end. If a discussion, it be assumed that one of our values should be a type of racism which excludes certain races from citizenship, then the plan of execution should provide for the annihilation, deportation, or sterilization of the excluded races. If on the contrary, as I devoutly hope will be the case, the set of values will include that of a national citizenship in which race

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will be no qualifying or disqualifying condition, then the plan of execution must be so far as race relations are concerned, must be a plan of accommodation of race differences, and not a plan of accommodation of race differences.

It cannot be a case of too much of anything in the field of choices of values or objectives. The values must be studied, defined, and revised. I have said that values are not proved good or proved good or desirable, or the opposite, by the processes of logic. I am often asked why I do not take or write rationally about a value or values if they cannot be value or proved good or bad by reason. My answer is an easy one. I am not a rationalist. Rationalism is a thing for two reasons. First, values are not rational, or enforced, through the instrumentality of reason. That is, if you know what you want, reason will help you to get it if it can be had. And, second, values can be clarified and compared only by the processes of reason. What many people, trained in 18th century rationalism, cannot understand is that there is a difference between the rational clarification and implementation of a scheme of values, and the rational demonstration that that scheme is good or bad.

In connection with the problems of planning, it is important to dispense of the popular notion that social planning is purely an engineering or technical feat which will be idealistically performed by experts if supplied adequately with facts by fact-finding agencies, and with funds by the taxpayers, or by some enterprise foundation. This notion of 18th century rationalism not only assumes that reason is normative instead of being merely instrumental, or the tool of the will and of our emotions drives, but it also regards facts as ascertainable absolutes or truths.

Such notions about the nature and function of reason are among the prepossessions of formal logic. The logician is supposed to wait for the student to bring him, done up in neat bundles, the facts for his premises. The logician then pours the facts into his logic machine and turns the crank, whereupon

right and wrong, come
 and are not separated
 made by Amos con-
 the same as a
 very good ex-
 have to be agreed
 according to the
 according to the
 according to the
 the greatest secret is
 without a previous
 as we have already
 experienced or observed
 which I have
 And facts have a charming way
 of
 And seem to prove
 an unexplained theory or
 The two best great
 are the same elastic, or agree as to
 are and are different as to the conc
 are and as so-called
 are always remain true that no group of ob-
 ever get all the facts
 of many entities (See Bertrand Russell)

are answer to the charges of many critics (See Bertrand Russell's article on "The Revolt Against Reason" in *Harper's Magazine*, January, 1935. Fascism is not an "intellectual or moral revolt." On the contrary, it was observed fact and logical reason. On the contrary, it was liberalism. Fascism, however, and liberalism, does not regard the processes of reason as a game which one must capose to be played in a certain way with one may play in a different way. The fascist recognizes that when the fact finders have dumped a series of facts about a given matter into the hopper of a law court, a theorist, or an administrative expert, they have merely supplied a number of observations selected with some purpose in mind other than that of pure truth—assuming there is such a thing

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Besides, the first does not assume that the truth, all the truth, and nothing but the truth, can ever be known about it. The second doctrine dictates the course in the gathering of information of fact, and in the logical use made of them, that is, grossly incorrect. It assumes that each one has his own law. Thus we see, in communist Russia, that there is one law for the member of the communist party and another law for the capitalist. In the U.S.A., there is one law for the capitalist and another for the poor and the vast majority of the people. This is an important factor. Legal advice is given as to which law is the proper process of law to bear in mind in getting around the law, or the process of law to bear in mind to be fought. The more a man can spend on the law and the out of pocket less difficulty it will cause him, and the more he can get away with. The sort of plan expressed here will have purposes of the dominant classes and not the intentions and purposes of the oppressed, called by names, be it so said, and in the next chapter we shall explore further the power aspects of the social plan.

Reason is useful as a means to an end, and as a selector or clarifier of ends about which one is not clear. Thus, if a man demonstrates to me that he clearly understands a given value or whether or not he values it, he gives me, and that he understands all the implications or consequences of that value or scheme of values which I am able to go on out to him, on that he is clinging to it and is prepared to pay the full price of its pursuit, I, as a rational person, must recognize that there is nothing further I can reasonably try to bring to change his mind and purpose in this respect. If I am wholly rational, and not an irrational adherent of a certain cult or rationalism, I will further recognize that he may be quite as rational as I, I am choosing and pursuing a completely or more set of objectives from my own nothing raises more doubt of the rationality of I bear it out as today than the frequency with which they apply terms like mad, insane, and crazy, to persons and things they dislike.

Had I been living in 15th century Spain, with my present religious views, I should have understood the futility of any

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and especially in any other way than the reason.
What is most needed today in the discussion of a plan for America is rational explanation of values and social objectives. Many people who think the growth of a value can be made to rest at an end and rest completely by being made, that rough the processes of reason, to see its implications. What most people think, after all, is a sort of verbalism, some of which, of course, starts for values that was a life for, but most of which are just meaningless symbols to which their emotional responses have been conditioned to react in certain ways but which their understanding is never even attempts to grasp. That is a major source of the tendency to shed the last group of Americans from including his own, to approach a series on of the League of Nations, or a World Court, or to maintain the present status quo in Europe, or keep the Japanese out of the Pacific zone, I realize that I have nothing to say to him on these

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questions. If, however, as is most often the case, he is just a middle classed believer in international justice and co-operation, or the white man's burden, who has never grasped the consequences of any serious espousal of a cause flying none of these verbal banners, then he is open to an appeal on reason. It is possible to make him reject his value not by rational means, but by the emotional fear of the loss of the value. But some people know what they want and of what they want—a fact which many animals have difficulty in understanding.

Animals have difficulty in understanding as well as in mischievous intentions. Men, on the other hand, are not content in attaining

know what they want and all I want
details have difficulty as well as mischievous
It makes so many people's persistence in at-
tending to issues of value if their fellow does not
and on premises the other fellow does not
want to accept. That is their notion of an appeal to reason
is not that sort of appeal to reason, they are
accused of being irrational or anti-intellectual. Now,
conflict between two nations, or two economic groups, or two
persons, can often be averted by making one or both parties see
the implications or consequences of maintaining his
position. But conflict is rather has ended that, averted by one or
both parties willing to make the other accept his values or his
premises by an appeal to reason.

of homogeneous social values and the

Urging reason to carry momentous social values and the consequences finally brings the choice of alternatives down to one of fight or make concessions. The attempt to evade this final issue by making the other fellow see it as God, reason, justice, right, or whatever else the word invoked may be, is on one side, never avoids the fight but rather exacerbates the other fellow, and makes him all the more eager to fight. In the discussion of values in social objectives, it is useful to be clear as to what one wants and what the other fellow wants, and also to find out at what point either party will fight. The end of this view of the issue will usually produce more concessions on both sides than a future appeal to force or reason to support one's scheme of a value. Certainly, the American Civil War could have been avoided had both sides talked consistently in terms of fight or concede. But sides could have made enough concessions to make fighting unnecessary. But neither side could con-

since the other that it had God, the Constitution, justice, right,
I am not sure that we have not a new formula on the basis of
the person, or Americanism is not going
to be a concession. In this issue, obviously, more
than in any other, we have to be made by the have. But they
are not the final concern are a ways concern or threat
And before they say, take last word against making
concessions, they should measure carefully their possible
damage in the long run, if conflicts of economic interests
do come to an issue of arms.

CHAPTER X

CHAPTER 11

PLANNING THE FORCE FACTOR

In the preceding chapter, on opening up the topic of national planning as one of the order imperatives indicated by the present situation, we saw the importance of air-mate values as subjects for discussion, choice and realization, in connection with any national plan. In the next chapter we shall stress the force aspect of national planning. For it is this, the force of planning which draws a heavier fire of criticism of fact and form as it is difficult to see the new reality of the force factor in the realization of socialist societies which condemns post reformers to fit in. A few of the main points of this emphasis may be summarized as follows:

First, social situations represent always a balance of power, or of the restraints of mighty pressures bearing upon every individual. It may be said that in the social situation rests on consent only. It is true, that those who are powerless against the coercion implied consent to what they do not like but cannot alter. Except for market dealers, who are the exceptional cases, and, indeed, tend to behave as the resultants of force pressures brought to bear upon them, it is by exercise to make them behave in given situations or cases. In other words, there has never been a free society in which men and women obeyed sovereignty over their choices or conduct. The free society which serves as the premise of so much liberal attack on fascism is the ideal of philosophical anarchy, and not the reality of any society that ever was.

Second, a "government liberal" no less than fascist or communist, has to be a minority of force and violence or as one great statesman once said it, a perpetual conspiracy of power. The chief objective of this conspiracy is everywhere today, and usually has been in times past, the realization of a given scheme

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It forms a perfect formula for the tolerance of safe differences of views, safe preferences and safe expressions of opinion or criticism. And it is certainly for reasons which we have spelled out, proper not to have "a free area of tolerance" broad and inclusive as possible. But there must be no positive zone of tolerance in an absolute or unlimited sense. Such a sense will not be the policy today. In times of war and reaction, those in authority often err grievously in exaggerating

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requirements of safety. To correct these errors, it will not be sufficient to assert absolutes which are wholly unchangeable in honest discussion and impossible of application by a leader who aims to survive. It will rather be helpful to an argument of tolerance to a tempt to a English realistic view of what is safe and what is unsafe in a given situation. In even what is safe and what is unsafe in a given situation, there is a fundamental decision of values which is critical. It is a decision of whether or not to expose evils or mistakes, or the evils of some of them, or an exposure of evils or mistakes, or the evils of some of them, or a popular cartoonist against the government. It may not be safe, however, to show the evils of some of them, or a popular cartoonist against the government. It may not be safe, however, to show the evils of some of them, or a popular cartoonist against the government. It may not be safe, however, to show the evils of some of them, or a popular cartoonist against the government.

The right form of, or the debt balance between repression and a creature, can best be sought if the mind is freed of liberal norms, or, if possible and nearly meanless verbalisms, such as speech, free press, freedom of conscience, and so forth, and if an attempt is made quite simply, to determine the nature of government, repression comparable with safety for a given plan in a given situation. This formula will have to rely mainly on executive judgment and responsibility rather than on legal norms and judicial interpretation or an enforcement

For public safety has highly elastic requirements varying enormously according to the place, moment, total situation, and reform of values, to be realized. Any charter of "heretics" becomes necessarily an absurdity after a few years, for no man of public order and means of its realization can long be appropriate to changing conditions. If the theory of verbal norms and moral alibi perpetration and approval be followed, the fundamental law, or the highest social ideals or objectives, will soon be lost sight of in the development of a "rational science" or static scheme of ideas and practices which will gradually try to free itself of the no spaces of reality and try to operate entirely within a closed realm of logic—a logic that assumes the real as it requires for its purposes and disregards any satisfactory realities of experience.

Only an executive can insure the widest measure of toler-

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power with any significant degree of responsibility for the consequences of his actions. In the past, most people today, are prone to believe in the power of the state. But the argument for the state is a demonstration of how stockholders who are forced to pay for the state are not the property of the state. They are not the property of the state, but they are the property of the state.

So far as the running of government is concerned, however, the situation of 19th century theories of political democracy is still only in the days when the town meeting could be an effective factor. At this it may be said that the real measures of the United States were only charged up to the Republican Party in the results of the elections of 1920. But, here looks at all below the surface of political changes. One must see that the defeat of a political party or candidate can be called a punishment only in a high, idealized sense. It can never be said to amount to a real conviction of mismanagement, negligence, or even bad judgment. In most cases, and usually, the party of politics is for reasons wholly unconnected with any expression of public censure, however much there may be considered censurable or even censured by a majority vote at the polls. The way the system works every economic, political and economic figure has a good alibi for public opinion, and a perfect immunity for legal purposes, so far as the consequences of his acts may be concerned.

Our attachment to the liberal principle of separation of powers, and our liberal hostility to concentration of authority and a permanent governing class, necessarily make for irresponsibility in the use of power—political or economic. It is only in the fields of specific offenses against the State, the person, and property, or fields chiefly covered by the criminal law and the laws of torts, that personal responsibility can, as a practical matter be enforced to any significant extent. As for the responsibility which is supposed to be implicit in our electoral system, it is farcical, due to the way the system necessarily operates.

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For example, a governor of a state may direct the militia and police, and the powers of his office, in way, to prevent labor from making an effective use of economic weapons like the strike and the picket, thus materially contributing to the imposition on thousands of mine or factory workers of an economic situation more unfavorable than that which they might have enjoyed by the governor a freer use of certain economic weapons at their command. He may also appoint members to a state public service regulation commission, a factory inspection service, or a bank superintendent, who will give the utilities, the manufacturers, and the bankers, regulation pretty much as they see fit. This governor of the Tweedledum Party is finally beaten at the polls by the gubernatorial candidate of the Tweedledee Party, who, in the campaign, exploits the partiality of his rival the Tweedledum governor to the mine owners, factory owners, and employers generally.

Does this electoral result mean that any significant measure of political responsibility has been established thereby? Not in the least. The outgoing governor of the Tweedledum Party is not sent off to shiver in a petty governmental function in Alaska or to sweat in a similar function in Panama or the Philippines. Oh, no, he goes back to the practice of law, to cash in on the policies for which he has been punished by defeat. His punishment takes the form of increased professional income, all legitimately and honorably supplied him by the interests he so faithfully served while in office. And the incoming governor of the Tweedledee Party continues the same partiality to the same interests for he too, is a lawyer who has to think of making an honest living when, sooner or later, he has to go back to private life. He, therefore, uses his term in office to build up good will and friendships among those who can be his best paying clients when he leaves office.

It is no meaningless coincidence that about seventy per cent of the men in Congress are lawyers. It is the calling which makes the political pay-off easiest to give and to take with perfect legality and decorum. The law, however, is not the only calling in which the pay-off is easy.

It is not strange that there are so few cases of technical graft in political offices. It is strange that there are so many when the payment of graft in legal and commercial properness is a case. What makes it easy, primarily, is the fact that every official in office is constantly taking advantage of professional opportunities when he is in office. For, he is in office has interests which can be legally and properly helped while he is in office. It is not under the concrete examples of what is being said somewhat generally in these paragraphs, one would be writing the case histories of tens of thousands of American political careers, including those of Presidents and chief justices of the Supreme Court, where the on-again, off-again, mass-a-million-the interval tradition has been duly established.

In making these obvious observations about our political customs it is only fair to remark that nothing said here should be taken as expressing a personal censure of American Presidents, Supreme Court justices, and public officials of all ranks, who have followed our good traditions. In England and other liberal countries, of course, it is a tradition that a judge may not return to the private practice of law. In those countries, civil service and public service traditions much closer to those of fascism or to authoritarian state have been developed. We, however, have been more faithful to the authentic liberal propositions against a governing class. We have carried liberalism in this respect to its logical extreme or a practical absurdity. But no one is to blame for doing what is both legal and good form.

Political responsibility of any significant sort is possible only under a system in which political officials, at least of the executive and judicial branches, with few exceptions, have only a public career open to them once they have put their hands in the plough. It is not punishment or censure to be beaten for a ten- or twenty-thousand-dollar-a-year public office, the expenses of which are much greater, to take up a hundred-thousand-dollar-a-year law practice or position as an official in a corporate

non-working for the interests one has favored while in office. And it is not to be expected that the average office holder, while in office, can fail to be influenced in his official acts by consideration of what will be good for his future personal life should he leave office. In this connection, it is also to be remarked that public opinion in this country tends to rank a man in his profession or business according to the amount of money he makes and leaves behind him. Under liberal capitalism it may be said that for the vast majority of cases, the only real sense of responsibility which operates strongly on official conduct is that of having to that a good law practice, job, or money making proposition, will be waiting for the official when the law and good usages—when he has to leave public office, as our traditions demand that he must do—with a few exceptions in the cases of judgeships for life.

Not only is irresponsibility a result of non-professional government, or rather government by men whose profession is making money at the law or something else, but corruption and incompetence are also inevitable concomitants of such a system. The bitter truth is that the majority of the American people feel definitely that government is a graft or a racket for most office holders, and rather admire the successful for getting away with as much as they can without getting caught. The system, by making certain types of corruption of public officials legal and proper, makes the corruption of mass standards of honesty inevitable.

The other result is that of an incompetence which is also inevitable if few public officials are allowed to acquire the experience and expertise which only a lifetime devotion to one profession can give. It is a deplorable business, and one of the products of liberal indoctrination, that the people believe that public interest can best be maintained by ever so often giving a new gang of ambitious lawyers a chance through public office to get experience, contacts, and good will, to enable them to get ahead later on.

The point, of course, of this lengthy and digressive discussion of a peculiar phase of American liberal government is that

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power over the destinies of the people is exercised under our system by individuals quite as much as under any so-called totalitarian system of national planning, but that the operation of our present system tends to make all exercises of power whether economic or political, largely irresponsible.

Facist planning does not involve the introduction of force as a new principle, and quantitative measurements of coercion and freedom are impossible. Any new scheme of planning can only be put into effect with the power of the state. It is essential to have these general principles clearly understood, both by way of answering the liberal or conservative attack on fascism as a phenomenon of coercion in contrast to freedom, and by way of meeting the counter-attacks of the liberal or conservative schools of socialists and liberals who would solve our social problems without introducing force into the problems of government and coercion.

When planning enters the realm of reality, it enters the realm of force and coercion. And this is seen in the cases of millions who are forced to suffer privation and humiliation under liberal capitalism, as well as in the cases of millions under the authoritarian systems who are forced to accept various impositions of the state plan. The idea that one social plan gives freedom while another imposes coercion is like the idea that the difference between a horse and a cow is that the cow has a head while the other has a tail.

CHAPTER XI

STATE ABSOLUTISM

The State, through the instrumentalities of government, has to express and enforce the social plan which, for one country, has to be unique. We have already seen why the social plan for one country has to be unique. This plan the State has to express and enforce through the instrumentalities of government. The methods by which the State does this may follow the liberal formula of the policeman State or the fascist formula of the exclusive State. In any event, the political power of the State has to be exercised in many matters without limitation if any type of social order is to be maintained. The point is that the power exercised by the totalitarian State in economic and social planning is no greater than the power of the State exercised in other ways under any other political system, or more simply stated, that the social plan always requires exercises of the absolute power of the State.

The popular type of denunciation of fascism on the ground that it stands for State absolutism, or a State of unlimited powers, as contrasted with the liberal State of limited powers, is based on misrepresentation of the true nature of the liberal State. The issue between liberalism and fascism is not one of an absolute State versus a State of limited powers. The fact is that the powers of every State are in pure theory unlimited, except by physical impossibilities and by engagements the State chooses to respect in deference to the demands of certain classes or interests. The powers of the fascist State are unlimited as to doing certain things, while the powers of the liberal State are equally unlimited as to doing certain other things. The important differences between fascism and liberalism in this respect lie between those certain things which each State, respectively, does without limitation, or those fields of State

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season in which the State is not bound by no limiting conditions of time or space, and no other certain things.

Let us suppose that State absolutism is not bound by clear and definite limits. It would be made of the arbitrary but not of the arbitrary. It would be made of the arbitrary but not of the arbitrary. Let us suppose that under the United States marine in 1927 had applied some kind of court order to the United States as commander-in-chief of the United States, from sending of the United States forces of the United States, in order to carry out the pact which the United States had made with the United States. Mr. Stimson, representative of the President, made a statement in the field in June, 1927. This marine might have argued in the court correctness as to fact, that the President, Mr. Stimson, had no constitutional authority to send the United States forces to the United States. The United States Government would have to be held over a year later in November 1928. The marine might also have pointed out that the President of the United States is nowhere in the Constitution given power to use the armed forces of the United States to suppress elections in a foreign country, to disarm the armed forces, and to kill all nationals of that country who might oppose with arms the presence of American troops on the territory, without a formal declaration of war by the United States. Had the marine made any such petition to the United States? Had the marine made any such petition to the United States? Had the marine made any such petition to the United States?

For one thing he would have learned that our courts have no power to enjoin the President of the United States from sending the armed forces of the United States anywhere in the world, or from ordering them to kill other people, or to commit any other act, however arbitrary or unreasonable it might seem to be.

Let us suppose, again, that the wife, mother or other dependent of a marine killed in battle in Nicaragua had attempted to prove a claim against the United States in the

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attempt to prove a claim against the United States in the Court of Claims. This is not a far-fetched supposition, as over a hundred and twenty marines were killed in battle during our war on General Somocho. What would she have been told? She would have been told that the United States Court of Claims had no jurisdiction to hear such a claim. The United States Government is wholly without legal responsibility to its citizens for losses of life and damage to their property which may occur on any adventure of the President with American troops may occur on abroad.

The power of the liberal State to cause its citizens to be killed either in official or unofficial warfare abroad, through exercises of the discretionary power of the President over our armed forces, is absolutely unlimited by law or the courts. But it is a bulwark of liberal liberty that the President's power to regulate commerce, or to do any one of a thousand executive acts in the public interest, must be inhibited by the Constitution or subject to judicial review for its reasonableness. The President has virtually no limitations on his power to get us into war through the conduct of foreign relations or the command of the armed forces, except such checks as legislative action might impose through impeachment or a failure to vote necessary funds.

The features of the liberal system we are now discussing are fundamental. It is constantly forgotten that the quiescence of liberalism and liberal liberties under a constitution is the maintenance of a régime of special or exceptionally favorable considerations for private property. Briefly, private property cannot be taken for public purposes, not even in war time without an obligation to pay just compensation, while human life may or so taken without an obligation to pay any compensation. The liberal doctrine giving property a measure of protection and bargaining power against the State denied to human life may be said to have fully emerged as a political principle of good liberalism when Cromwell sent King Charles the First of England to the block and established the rule that the King, or the executive branch of the government, cannot

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take the money of the rich by means of direct levies but must first have the money for the King's wars voted by Parliament, which, as a practical matter, has meant financing wars by raising the price of everything. This doctrine, of course, goes under a different name from that of special privilege for property as most people understand it. The formula is "No taxation without representation." Of course, few people ever pause to inquire whether the representation of property is treated by the State with greater consideration than human life in the matter of conscription to fight for purposes is the essence of liberalism. That is, once established, becomes not only incompatible with the interests of humanity but also with the requirements of statecraft. An interesting insight, showing the power of this doctrine as a political principle, is the fact that good liberals before 1914 constantly speculated about the possibility of financing the next big war. But no liberal ever imagined that a war would be impossible because the State would be unable to mobilize the necessary man power. A human life has no right to deny itself to its country, or to bargain with the State for a fair price, or have appeal to a neutral judiciary to fix or at a fair bargain with the State, according to the same theories of equity which are so extremely partial to property.

Before Cromwell's Revolution, the executive branch of the government represented by the Crown used to conduct foreign relations and make war much as it does today in all States. But the Crown, under the Stuarts, tried to collect money from the rich tradesmen with the same arbitrariness that it took the lives of the people for war. The 17th century English shopkeepers did not like that way of financing wars. They did not mind how many wars the Crown fought. On the contrary, they were usually favorable to or eager for, the Crown's wars, on which they made so much money. Nor did the rich merchants mind putting up a little money required for the wars of the Crown on the condition that they got government obligations in return for their war contributions.

The proof that the foregoing statements about democratic

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government and war are substantially true is found in the facts that neither the British nor the American national legislature has ever refused to vote a declaration of war on the recommendation of the chief executive, to vote all the money of all the chief executives has asked for, to vote compulsory levies of all the executive has demanded, or to support the executive in the continuance of the war as long as the executive saw fit to wage it. But not once, in the long history of British and American liberal capitalism or democracy, has a national legislature voted a levy on capital, though it has repeatedly voted the conscription of men of fighting age.

Several counter arguments to what has just been said about the partiality of liberalism to property may be advanced. For one thing, it may be said that the liberties shown to be taken by the executive branch of the government with the lives of citizens are taken only as measures deemed necessary for national defense in an emergency like war. For another thing, it may be said that the liberal State is not constitutionally prohibited from taking property by taxation. (Taking property by right of eminent domain does not furnish any rebuttal to the point of this chapter, for property so taken must be paid for.) And then it may be said that the property and labor of the poorest citizen enjoys the same protection from taking without due compensation.

It would seem almost enough to demolish these arguments to point out that the liberal democracies have not drafted wealth when they have drafted man power, that the poor have no money worth mentioning to enjoy the protection of liberal laws and that the bargaining power of labor is by no means comparable with the bargaining power of capital under the autocratic régime. It is one of the sharpest tricks of liberal democracy to expose the fact that capital is a measure of protection is enjoyed equally by the rich and the poor, or by capital and labor. The fact of course, always is that for large numbers of cases equal protection of the law for property can only mean equal justice for all the people where property is fairly evenly distributed. Liberal equality before the law means, as a prac-

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In the theory of the Constitution, the Constitution—the one is a public purpose and the other is not.

In the nineteenth, eighteenth and twentieth century liberalism, the State is supposed to have the unlimited powers of the nation, but in fact it is limited to certain supposed proper interests. In the nineteenth century the exponents of those particular limitations on the sovereignty of the State are the limitations on the sovereignty of the State in the field of labor relations or a long line of decisions abridging the power of the State to modify property rights in the national interest, these decisions always show the same bias.

The time has come when the limitations imposed by these theories on the sovereignty of the national State in respect of private property, wealth and economic activities generally are no longer to be considered by a hard-thinking man of property as essential to protect his interests in the long run. The day has come when property must no longer assert any immunity from government taking and government commanding work. A poor man cannot assert for his life or labor in war time when drafted for national defense. Fascism insists that property or capital and private economic enterprise must be called to the colors as well as conscripts in time of war. And fascism insists that the term of service for both capital and labor is not for an emergency but a new and permanent scheme of social organization and operation. Fascism insists that the new social adventure cannot be conducted on the good liberal principle of having the State always buy the cooperation of the owners and managers of property, as well as of the workers, by paying the price which any economic factor is able to bargain for, in a bargain in which there is great inequality of bargaining power as between different individuals and groups.

The argument of this chapter has been that what is commonly thought of as more power over private property for the State does not mean any greater State absolutism than we have already, or, indeed, any new power over private property. It means new techniques, theories and methods in the application

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of State power and also, the application of State power to the service of different interests and for the pursuit of different social objectives. In pure theory, or in concrete fact, there is no other political system, cannot be said to create new power for the State or to give it powers it did not already possess. Fascism merely means that the State announces and adheres to the purpose of using the powers inherent in national sovereignty, or in the monopoly of force held by all governments, to meet new needs and desires in new ways.

CHAPTER XII

THE DICTATORSHIP OF ECONOMIC NECESSITY

Fascist emphasis on a clear and realistic notion of the force factors in government, social control, or planning—three synonyms when used in this connection—is the only workable premise for humane as well as efficient undertakings in these fields. It is a favorite and basic axiom of liberalism that might does not make right. It is a self-evident fact that under the liberal régime, as under every other régime, might does make right. In this respect, a distinctive peculiarity of liberal ideologies and liberal régimes in action has been to create and lend plausibility to the fiction that force or coercion is lacking, or is operative only to a comparatively insignificant extent—chiefly in the cases of criminals and lunatics. This fiction as to right being above or independent of might has depended for much of its plausibility on that other great fiction of liberalism—freedom of contract or the free market. We shall have occasion, in passing, to mention briefly some of the more important explanations why and how these peculiar rationalizations of the liberal régime have gained such wide acceptance. But our main essay in this chapter is to show that rationalizing or explaining out of existence the real coercions or force pressures experienced in daily life under every liberal régime does not serve any good or humane purpose. Rather, it encourages unworkable and adhesive policies and ways, and the latter find their inevitable correctives in the most disastrous examples of resort to force and violence which has been so scrupulously eliminated by the liberal rationalizers through the pleasant and easy processes of definition and assumption.

If the eliminators of force by definition and assumption the Versailles, could only have eliminated the depression, the

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war of communism, the challenges of triumphant fascism, and the mockery of the League of Nations, by the facts of increased armaments and the inevitable sequels of such increased armaments, their case would merit respect. As matters stand, their cases have about as much validity or relevance to current events and problems as a thesis of perpetual motion. The liberal seers of thought and action have been talking about a world of dreams which they have done nothing effective to make come true, and which probably will never come true. They have not been talking about the world in which men have lived since the beginning of recorded history, or the world in which we, in 1935, have to live.

Much of the fallaciousness of liberal premises, whether in ethics, politics, jurisprudence, or economics, rests on a deliberate and persistent refusal to take cognizance of force or economic necessity or to perceive the coercion implicit in the more or less impersonal and anonymously applied pressures of given situations, whether of individuals, groups, or nations. Broadly stated, a basic premise of the liberal case has been, and still is, that anything done or got away with within the law does not involve a resort to force. This premise or a supposition, obviously, is purely a matter of arbitrary definition to suit the purposes of propaganda. It is patently absurd and contrary to experienced or observed fact, either as a premise for discussion or as a definition of force. The simplest explanation of why the premise is absurd and contrary to fact, is to point out that law may, and always does, provide for contests of sheer force or might. It specifically makes possible the way in which the strong can use force to crush and oppress the weak. The simplest illustration of this truth is of course, a hot furnishing by war, which it has always been lawful to declare and wage.

Now it may be granted for sake of argument, that human welfare is better served if contests of force to determine men's fate are conducted as they are under liberal capitalism, than if they are conducted as they were in medieval Europe when private warfare was the rule and brutality of the more the prevailing custom. It may also be granted that we are better

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off to have fewer and the poor more than to have more numerous and smaller states. But when he proposes that the reign of liberal law be extended to a type of justice (whether among individuals or nations) which does not resort to the violence of revolution and war, or that the reign of liberal law rests any less on force than any scheme of public order, they are palpably "heard" in the light of theoretical analysis or simple observation of what today is going on in the world. As the reign of law is pure moonshine. We have increased the degree of the monopoly of force and violence exercised by the national State in ways to make it one of the results of the application of force and violence by the strong against the weak, the more complex, impersonal, and anonymous forms of the assertion of the rights of national conquest and domination over subject peoples and lands and of private property rights (private dominion) over the tools of production.

To define force or coercion merely as that which happens outside the law, then, serves no useful purpose, and specifically hampers the questions of revolutions which succeed, and international wars. Wars and successful revolutions have surely been too frequent in the past, and are surely too probable in the near future to make any such question-begging premise admissible in discussion. If a highwayman takes my purse at the point of a gun, everyone agrees that an act of force and violence has been committed. The significant fact about this act, of course, is that it is contrary to law.

If a rich and powerful individual or corporation uses vast economic and legal resources to levy on my daily product a heavy toll, all within the law, there is, according to liberal theory, no resort to force involved. I have paid my toll through the mechanism of the "free market," or in freely made contracts. The facts that in millions of contracts under liberal capitalism one party is coerced by hunger and the other by no immediate personal necessity, or that international relationships rest not only on rights acquired by force and violence in war, are entirely

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ignored by liberal theory in its definition of force and violence. If two men fight or shoot out a difference of opinion or a clash of interests or wishes, every one will agree that this constitutes a resort to force. But if two competing economic interests wage, within the law, a destructive economic competition in which one finally triumphs and the other is crushed, liberal theory recognizes no resort to force or use of violence and coercion. In fact, of course, there are for every individual winner in the economic struggle scores if not hundreds of losers.

International war is the one big fact which liberalism has had to admit somewhat reluctantly in rationalizing. The rationalizers have met this difficulty with the fiction that war is an exceptional, unusual, irregular, and abnormal state of affairs. Obviously, war is no more exceptional or abnormal than peace, either in the 20th century, A.D., or the 20th century, B.C. War and peace have always been and still remain, the two phases of the continuing political relationships between states. When these relationships are not in the one phase, they are in the other. When these relationships are in the one phase, nations are preparing or fighting for the other phase. One can say that war is an interval between periods of peace, or that periods of peace are intervals between wars. To assume that war is exceptional is as silly as to assume that rainstorms, old age, or death, are exceptional.

Fascism finds no good purpose served by the liberal definitions of force or the liberal fictions about its character and its functions. The reasoning and facts which support this finding are fairly simple. For one thing, there is the consideration that no operating scheme can long run on assumptions which experience continually contradicts. The assumption that right, independent of might, can ever be anything but a figment of the imagination, or that might does not make right, or that a given norm of right can prevail except by might, is invariably refuted by the conflict which always follows an attempt to assert a right without might or against a superior might. Indeed, the falsity of such assumptions may be said to be proved

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by every standing army, every police force, every governmental
act of power, and every war or successful revolution.

[illegible]

Once in the hands of clerics, statesmen, judges or influential teachers of opinion, began seriously to believe that right is not might—but rather what they think, or what some wise man or more says or is interpreted by them to say, or what some system of ideas and legal ideas men to say, they are invariably by way of sowing the seeds of revolution and war. The theologians of the medieval Christian Church reasoned thus, and the result was the Reformation, a series of nationalistic wars and the rise of a new civil order. Democracy is valid only in so far as it postulates and expresses in effective action the right of the people.

It is useful to think of right or force as the only ultimate or concrete use of force for propositions of right and wrong, or for arguments affecting men's lives and provoking responses of men's wills. What is the sense of "X" building up a system of concepts of right or ethics to prove that "a" equals "b," if "Y" has interests or volitions which make it impossible for him to accept the premises and moral equations of that system? So far as those ethical propositions or moral values and the persons "X" and "Y" are concerned, there is but one determining factor—force. Can "X" force "Y" to accept his ethical propositions or moral values? If "X" thinks of his ethical or moral values in these terms, the results are likely to be more humanitarian if he thinks of his moral values as absolutes which must prevail because they are right. For if "X" thinks of his values

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in terms of force required to assert them, he is likely to re-
ject or modify many values which will not seem worthy the
costs of attempting their maintenance by force. If "X" con-
sidered as one factor from consideration on the assumption that
right is above and independent of might, he is likely to assert
rights above and independent of might, he is likely to assume
the status of values or rights which would require him ultimately
to fight his battles and pay prices he had not envisaged.

the terms of values or rights. If we wish to fight his values and pay prices he had not intended to fight his, an attempt is made to erect a working system of values. If an attempt is made to erect a foundation other than right, it not only fails, but its failure entails needless suffering and disorder. As a matter of fact, of course, liberal capitalism, no less than the universal Christian Church, has seldom hesitated to use force to assert or secure its values. The medieval僧s usually, when the rationalizers of a social system, the theologians, lawyers, economists, and other learned clerks, bearing exerting an influence, the net result of which is to encourage attitudes, decisions, and policies, which must lead to war or revolution on the assumption that, inasmuch as the attitudes, decisions, and policies, are right, no contrary might can prevail against them. The crime of these learned clerks is not that of committing a people to attitudes and policies which must mean war or revolution, for there will doubtless always be decisions and actions deemed by those in power, and by a majority of the people, as worth fighting and dying for. No, the crime of these learned clerks is that of deception as to the consequences of certain policies and decisions. This deception is carried out in any assumption that one's own theory of right is above might. Of course, any one who can establish might makes right never thinks or speaks of his theory of right. There is merely talk of right. If the outer fellow has a different notion of right, the other fellow is merely assumed to be wrong and to have no right.

As history so often shows, the trouble is that after those who reject the control of majority have woned others in the assertion of a right of absolute value, these proud rationalizers of the wilderness, in the purposes of the group in the unique right fail either to prevent the counter-assertion of an opposing

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might, or to leave or assist the resistance to that opposing might. These rationalizers of course are excellent propagandists and something may be said for their logical position as a means of strengthening the convictions of those who already have these same convictions. But, as propagandists of the right, they are always miserably failures at proving the case to those who have conflicting interests and desires, and, hence, opposite norms of right. Once propaganda undertakes the conversion of those of opposite interests, propaganda needs nothing so much as force and coercion.

To take a recent case in point, it may be said that at least ninety per cent of the exponents in the Allied countries of liberal ethics, law, economics, and social sciences generally proved conclusively to themselves, and to ninety per cent of the other ninety of the Allied countries, that the Treaty of Versailles was right and executable. But they did not prove it to the Germans. Hence all their argumentation or invocation of moral absolutes was futile, if not silly. It would have been better for humanity if, instead of following the procedure of the liberal leaders at Versailles, the greatest galaxy of liberal ever assembled, other delegates of the people had proceeded somewhat as follows: They might have outlined the same set of material objectives embodied in the Treaty. They would then not have applied to professors of law, economics and history for rationalizations of these demands. But they would have asked a council of Allied generals for a plan of war and means to enforce the fulfillment of the desired objectives. The generals being realists accustomed to achieving the objectives of their masters against opposition, instead of rationalizing the objectives of their masters for the approval of their masters, would have outlined a program of military intervention and occupation, the implementation of which would most likely have evoked a swift popular reaction among the peoples of the Allied countries.

But, assuming as it is quite plausible to assume, that no such common-sensed reaction had immediately followed the an-

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nouncement of the new war of treaty enforcement, and that the passions engendered by the war had diminished a considerable measure of the war, it seems evident that a few years of such a man under taking would have sufficient to bring the Allied peoples and governments to their senses and to renounce most of their war aims and claims. The administrative, mechanical, and economic difficulties of a military occupation of Germany, and the utter unproductiveness of economic advantage to the occupiers would have taught far more than the Treaty revisionists were able to teach.

Within two or three years after the Armistice, given an Allied occupation of Germany, it is probable that the Allies would have been seeking a German government to release them on German terms from the military occupation. In this connection, it is to be borne in mind that the fact that the functions of finance could not have served to prolong the policy of a military occupation and intervention as they served to prolong the political and economic policy of the Treaty of Versailles. German bonds issued by a military government occupying and terrorizing Germany could not have been sold as were German bonds issued by a German republican government, the puppet of the international bankers.

What was it that contributed most to making allied statesmen leaders of opinion, and the masses in the Allied countries believe that Germany could be made to pay and perform according to the stipulations of the Treaty and agreements made pursuant thereto? Fundamentally it was the essential liberal refusal to recognize that, in the last analysis, only might can make right. It was this refusal to see human relationships in their true light, this liberal ideology of freedom of contract, which led Allied statesmen and peoples to assume so stupidly that if German submission under the pressure of the Allied blockade and the starvation of the German people could be made to sign a given document, the definition of right then embodied would constitute a right, above physical force and might, by which the German people would for generations

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small band. The premise of liberalism as to freedom of economic action is premised on a political economy which is not a political economy, and hence it is under no valid premise that it is a political economy. It is a political economy in the sense that it is a political economy which the frustrated and the oppressed are not allowed to have.

Nothing is more common than the thinking of others as being either tolerant or intolerant. It is a mistake to think of them as being either tolerant or intolerant, so long as the premises that the existing order is right and that right is above might. And nothing could be more fatal in the way of a discussion than the statement that a man who is satisfied with things as they are to prove that a man who is not so satisfied that the existing scheme of things is wrong. A state of things in which ten millions are unemployed is wrong and not right. It is wrong fundamentally for the reason that a potential might of ten million unemployed men and of an indefinite number of the old who, though not in need of distress, are increasingly asked by the community to pay for themselves, is too great to make the present status quo more than a modicum of peace.

To summarize the argument, it may be said that the operation of power is always an expression of the might of the people. It is its moral validity and its practicability from the might which makes it effective, and prevents contrary might from making it ineffective, and that it is desirable for human we are to have social policies shaped with a clear recognition that only might can make right right or effective. If one is recognizing a new policy or norm of right, one will recognize that its triumph or realization requires a necessary amount of might. If one is defending against attack an old policy or norm of right, one will recognize equally that the only final answer is that of the might of the defenders to prevail against the attackers. One will then appraise one's values or norms of right in terms of the probable costs of attempting to uphold them. This is a somewhat different process of reasoning than that of proving to one's self that the founding fathers, a hundred and

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any years ago, intended things to be run in a certain way. The old world was not run to defend any given application of social theories. And the living, after all, have never been known to lack the means or will to challenge what does not suit them.

CHAPTER XIII

THE NATIONAL PLAN AN EXPRESSION OF THE POPULAR WILL

AFTER reading what has been said in the preceding chapters about the national plan being an expression of the might of the people, most experts of the liberal philosophy will doubtless be inclined to advance many of the old arguments about the written Constitution and written laws, duly interpreted by the Courts, being the expression, and the only satisfactory form of expression, of the will and might of the people.

Fascism holds that the national plan or social scheme is always an expression of the might of the people, and that this expression must be made explicit and effective through interpretation and administration by those in power. Fascism finds absurd and untrue the liberal thesis that the will of the people is expressed in the written word of a Constitution or body of laws. In so far as a written document is an instrument for expressing the will of the people, it is through interpretation and enforcement of such a document. In other words, are who interpret and enforce a law and not the written law, give the expression of the will of the people.

It is a beguiling myth of liberalism that people can be governed by laws and not by men. It is a charming illusion that we can provide a machinery of government which is free of the faults of human personality and which is the very embodiment of moral absolutes and social wisdom. This illusion rests chiefly on the further illusion that whereas the members of legislative and administrative councils, and particularly chief executives, are persons affected with all the weaknesses which persons are heirs to, judges are not persons, but the cover of a reference to their official acts. Obviously, a judge is as much a

person as anyone else. A person can never function except as a person.

The trouble with any theory of impersonal government, or government by laws and principles rather than by men, is that it attributes to written documents or statements of principle attributes which the written word can never possess, qualities which human beings can be endowed with, and with which only human beings can be endowed. A man or a group of men who are in agreement with each other, in response to any question as to what is the will of the people, can easily give at any time an answer that is explicit and definite. They may also give an answer which they are in a position to enforce. Whether such an answer always expresses the true will of the people, or is a wise or good answer, are open questions to be decided according to the facts of the case and the point of view from which judged. But there can be no question that an ordinarily well-endowed individual executive or executive group can say intelligibly what he or they hold to be the will of the people on any given problem. The written word, on the other hand, can never possess this quality which is obviously peculiar to human personality. The written word can never be made to fit all possible cases which will arise, and the written word always requires interpretation and application to the given case by a person.

Disregarding for the moment the whole question of interpretation and application, and assuming agreement by all parties as to the meaning of a document, one may say that a written constitution or law can never express the will of the people beyond an extremely limited field of reference. The limitations on the field of reference are those of time, place, and situation. With changes in time and place, laws very soon need rewriting. It is absurd to suppose that when the makers of the Constitution drafted that document they meant to say that it was the will of the American people that the Public Service Commission of the State of Maryland or Arkansas, might not fix a rate for a public utility which allowed it an average seven per cent return, or that one theory of rate-making instead of another was just and non-confiscatory. The

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makers of the Constitution had no knowledge of the present field of application of the principles. They sought to express, indeed, an careful, if not a most sheer nonsense to say that the makers of the American Constitution were any one of hundreds of constitutional interpretations rendered by the courts as expressions of the sovereign will of the people.

It is not possible for any group of men either to express the will of the people living at the time in respect of problems arising a hundred years later, or to express the will of the people living a hundred years later as to the problems of that later period. The law can express only the will of the people with regard to current problems which are the subjects of contemporary thought and feeling. And whenever a question or uncertainty arises as to the will of the people as expressed in any law, only the reasonable executive or legislative authority holding the mandate of the people can reasonably be assumed to have competence to say what the people now will. Certainly it is that the present will of the people in respect to the application of an existing law to a current problem cannot, except by luck, be arrived at through the processes of legal reasoning.

The processes of legal logic expressly disclaim, and methodically eschew, any undertaking to render a constitutional or legal interpretation to express the present opinion or will of the people, though, as Mr. Dooley remarked, the Supreme Court may sometimes, departing from the legal rules of interpretation, follow the election returns. The processes of legal interpretation specifically undertake to render an interpretation or application of the Constitution or the law in accord with some theory held by the judges as to what the men who wrote the Constitution or the law would have meant in respect of or have intended had they had cognizance of that issue. The courts do not attempt to express the present will of the people, for they admit that they have no means of knowing it, but they try to express their theory of the will of dead people in respect of a present living issue. They, of course, assume that their theory of the will of dead people in respect

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to a current problem submitted is also the will of the living people. It was the hope of many, if not of most of the framers of the American Constitution, and of the subsequent builders of the American constitutional system during the first half of the 19th century, that separation of powers and the judicial veto would effectively curb encroachment of the popular will in ways disagreeable to the propertied classes.

It is the fact that the written word can have meaning only through interpretation and application, which establishes most clearly the point that the popular will, or the ruling social purposes of the people in respect of the national plan, must be expressed from day to day to meet changes both in the popular will and in the conditions about which it has to make decisions. The oath to uphold the Constitution really amounts to nothing more or less than an oath to uphold what the courts may pronounce the Constitution to be. A rational oath of a judge or of an officer must be an engagement to uphold the sovereign will or right of the people as made explicit by a duly authorized leader or representative of the people. A person can intelligently swear to obey and uphold the commands of a king or a supreme council or leader. But one cannot intelligently purport to swear to uphold a document which one is incompetent to interpret, a Court interpretation of which one cannot obtain to settle a given doubt, and as to the thousands of court interpretations of which no finite mind—not even that of a Phaedra or a lawyer—can possibly encompass.

Let us consider briefly the nature of the absurdity of an oath to uphold the Constitution. As a practical matter, what does the oath mean? In the case of the executive officials, other than governors of states and the President of the United States, it merely means that the officeholder will obey the orders of his superior and abide by any court orders which may be addressed to him. If the officeholder is a judge the oath means that he will try to follow the constitutional interpretations of the higher courts where they seem applicable and where no such precedents are available that he will guess at the correct interpretation of the Constitution as best he can, his guess

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being subject to a subsequent revision by a higher judge. If the law is to be a law, the only way to uphold the Constitution is to vote for a measure which is constitutional or to vote against a measure which is unconstitutional. If the measure has been entered and challenged, the measure is unconstitutional.

The main object of the constitutional oath, or any other oath, is to ensure that the government officials are acting in accordance with the popular will. The main object of the constitutional oath, or any other oath, is to ensure that the government officials are acting in accordance with the popular will. The main object of the constitutional oath, or any other oath, is to ensure that the government officials are acting in accordance with the popular will.

Now the favorite argument of liberalists is that a system of government is a law and judicial interpretation of the law is a degree of certainty which is not obtainable under a system of what these writers like to call personal government. The very reverse, of course, is the case. Certainty as to the will of the people in reference to every problem of government is obviously desirable. But the liberal constitutional system is the worst imaginable way of giving certainty as to what is the will of the people. The argument of certainty is knocked into a cocked hat by the fact that whenever there is a constitutional or legal question of great importance before the courts, the best lawyers are usually as divided as to the result of the final decision as the laymen, or as are the objectors to the final decision as to whether the next number will be a success or a failure, or as are the betters on the result of a prize fight. Whenever the case is sufficiently uncertain to cause large sums of money to be spent on both sides, the most serious and economic way in which to select the final decision is to have

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green law or governmental act is constitutional or not is to

in a very real sense, is one of the most essential features of the law. The Anglo-Saxon and liberal jurisprudence. The underlying assumptions are that there is such a thing as an absolute right and wrong to everything, and that if both parties to any dispute are to wage a battle, the champion of the side which is right will win the encounter. The champion is to be a knight in arms. Now, if a lawyer, the pursuit of law is to the wisp of absolute justice or right is made into a prize fight exactly like a prize fight.

Now, it is of the very nature of sporting events that one can never get scientific advice as to their outcome when, as is often the case in such events, the opponents are fairly evenly matched. One can get scientific advice as to whether a given structure or machine will stand certain strains, meet certain tests, or perform in certain ways. Rarely is that advice proved wrong by experience. Savantages don't fall down. John W. Davis, ranking constitutional lawyer in private practice, in ten years has won seventeen and lost fifteen decisions challenging the constitutionality of a law. James M. Beck, an eminent self-constituted exponent and guardian of the Constitution, lost eight out of ten constitutional suits. It would be interesting to give Chief Justice Hughes record in private practice before the tribunals from which he took a ten year leave of absence. The NIRA is an example of the latest example of certainty under liberal constitutional law.

One can have a prize fighter or a lawyer to wage a battle for one, and one can be quite certain that the professional will put up a better fight than the amateur, and that the more professional the fighter, the better the fight he will put up and the better will be his chances of winning. But one cannot possibly derive any certainty either as to the result of any given legal bout, or as to the realization of any given absolute norm of justice assuming that the definition of such a norm could be the subject of general agreement. The chief

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The theory of planning abolishes like justice, the competition equal, and even by means of money, by terrible economic inequalities with any rational theory of national planning. It never means rational planning may carry out a fair system that cannot find much use for a sporting event as a means of selecting social policies or decisions representative of the public will. The sporting theory of administration is a scientific. It is not a means to winning since it is a social action. Its vogue under liberal imperialism is due mainly to two considerations. First, it is a sport, a game, and independent of, might as a theoretical principle, and then conducting a legal battle to settle any arguments and to what is - a legal, though logical v most contradictory, will admitably the purpose of easing Christian consciences as the predatory features of the economic struggle can be captured. The successful in the acquisitive struggle can emancipate themselves of all wrongdoing or abusive uses of force and violence if they can say that they have kept within the law. Moreover, they can make the State, through the exercise of the police powers, do most of their fighting for them. The legal rules can be made to a low, and even instrument, to pressures which the economical v mighty wish to use, and to bear the pressures which the economically mighty cannot so advantageous v use.

The liberal ideology as to right is the most important right factor for making more business for lawyers. Let two persons have a clash of interests or purposes which can be brought

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than a generous compromise.
But financial practice ecology inhibits almost every one having an interest which can be made the subject of a legal battle from thinking in common sense terms. Often, of course, especially where large amounts are involved, clashes of interests are worked out of court by compromise arranged by counsel for one or both. In these cases, counsel will take anywhere from one per cent to all of the amount affected by the compromise, or legal costs which often run into millions of dollars, when the same or a better agreement for the parties in dispute could be reached through simple, non-technical negotiation as real interests conducted by honest representatives, such agreement to be embodied in documentary form in small cost by lawyers, accountants and other experts acting as technical aids and not as cultures. In the Paramount Public Corporation reorganization and Georgian railroad, a typical example of banker-lawyer racketeering or trying to get something for nothing, Federal Judge Archer fees demanded by the lawyers are \$212,117, allowing on a \$1,000,000 of the \$2,200,000 asked. One of the largest and most reputable New York law firms asked \$500,000 and was allowed only \$100,000. Another Wall Street law firm, Cravath de Gersdorff, Swanwick and Wood, asked \$150,000 and was allowed nothing. The second ranking private bankers of the country, Kuhn, Loeb & Co. asked \$124,287 and were given nothing.

Written law, courts of law and 'judicial' process have a place in every society. But their function must be that of an instrument of the popular will, not that of making original

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against the government judged by the government is returned

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planned by the one fact that the person, the judge, giving the national plan is the same as the government. The whole plan is based on the law and order of the State. The plan is not a mere law, but a law which is the basis of the State. The plan is not a mere law, but a law which is the basis of the State. The plan is not a mere law, but a law which is the basis of the State.

The central government in matters of administration in a unitary system can only be exercised by scientific examination of the rationality of given means to given ends. Challenging the rationality of given means to given ends requires no showing of illegality or powers of the State or government. Challenging the rationality of given means to given ends requires no showing of illegality or powers of the State or government. Challenging the rationality of given means to given ends requires no showing of illegality or powers of the State or government.

Challenging the authority of the State encourages a spirit of lawlessness and a disposition to thwart or circumvent a government which so often pronounces itself guilty, not of a mistake in the use of means, but guilty of a violation of law. How absurd are the daily spectacles afforded the popular eye of our liberal jurisprudence of a government hailed into court as a plaintiff or large corporation and there found guilty of violating the law. Challenging the rationality of given governmental means to given public ends encourages no such lawlessness, and contributes to the understanding of current problems as a metaphysical argument about the powers of the State, or the authority of a given official in a given matter cannot possibly do. There is no better reason why a billion-dollar corporation, which can spend a million dollars on the legal battle, should be allowed legally to oppose the consideration of the State daily ratified by the legislature than there is why a gangster should illegally make such opposition.

In the regulation of private conduct, a fascist government will face little appeal, recrimination and discussion of government measures and policies. The appeal would be based on the same grounds on which an economic regulation or measure could be challenged. Any governmental interference with the

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of cultural, or recreational activities of private citizens should be open to contest on the argument that it did not serve the announced and accepted ends of the State. A discussion of a given measure in these terms would be useful. A discussion of any governmental measure in terms of an individual's right to work, to cultivate his mind or exercise his hobby as he sees fit is absurd for the simple reason that it is absurd. No one can tolerate religiously-practiced cannibalism, human sacrifice or castration, or any one of innumerable ways of cultivating the mind or body.

The fascist State entirely repudiates the liberal idea of conflict of interests and rights as between the State and the individual. Such conflict to be settled through the sporting event of trial by legal battle under the umpiring of a neutral third party supposedly represented by the judge. The major concern of the administration of justice under fascism is not the protection of the individual against a State assumed to be prone to abuse the individual. The chief purpose of any judicial examination of public measures, whether by examination by the courts or specially constituted tribunals, is the protection of the State against its own mistakes. In this respect the main points of the conflicting assumptions of liberalism and fascism are these. Liberalism assumes that individual welfare and protection is largely a matter of having leave and power of judicial restraint on governmental interference with the individual. Fascism assumes that individual welfare and protection is mainly secured by the strength, efficiency, and success of the State in the realization of the national plan.

It is easy to draw alarming pictures of a powerful State against which the individual would have the resource of no national veto on government actions. Conceivably, of course, a State and government might be in the hands of a few individuals whose every act would be an abuse. But such an eventuality seems most improbable in any modern State, least of all in the United States.

On the other hand, it has to be recalled that the just checks of liberalism on government rarely avail the poor man

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in this or any other country where such checks are provided for, the reason being that while a price is especially low, the system to govern the government, is expensive and so the system of the poor man. So far as the abuses of the system as you may choose to call it, they, of public administration are concerned, in so far as the welfare of the masses is affected, thereby, and so far as the through a legal and judicial review must be a policy proportionate to the free facilities for such appeal and review which the State itself affords. The fact is that through government issued unions of workers, government regulated associations of employers, and special executive tribunals for hearing appeals and complaints can afford far more redress and correction than the liberal State with its judicial process available only to the rich individual and the large corporation.

In considering the problem of providing redress and correction in the cases of mistakes and abuses of public administration we must think in terms of the practical or of the rather than abstract concepts of right, in terms of the mechanisms rather than the norms of government. There is no right, in any useful sense of the term, for a man who has not the economic might to assert a right or who cannot, for whatever reason may be, avail himself of the existing machinery for redress and correction. Once the problem is viewed from this angle it will become apparent that no machinery for affording relief and correction in numerous cases, promptly, cheaply, and easily can possibly operate within the framework of liberal political and judicial rules and practices. Judicial norms of liberalism obviate any such result. Liberal redress through the judicial process is an expensive luxury for the rich. The State must provide and operate judicial machinery of relief and correction of the mistakes of public administration as a necessary part of the national plan. Once liberal principles as those of the State versus the citizen and separation of powers are abandoned, and the older and more rational concepts of the State adopted, developing and operating machinery both to formulate the national plan and to examine scientifically con-

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points against alleged mistakes and abuses in its realization will be found a comparatively easy matter.

Thus a series of tribunals comprising in a tribunal of last resort, composed of the highest municipalities of the people, would be organized to function for the examination of complaints arising out of public administration in much the same way that committees of a vast corporation function for similar purposes. Those in charge of government would have the most serious self-interest in making these tribunals function efficiently. For, while those exercising a public function have an interest in upholding the power and authority of the State, they would not have an interest in upholding mistakes which could be corrected. This is especially true where those in office feel secure of a permanent tenure of office and realize that they must ultimately bear in one way or another the consequences of all mistakes in public administration. The art of maintaining a desired standard of performance by public officials is to be found in making their professional pride and self-interest under the system created so to perform in it in creating a system of checks, restraints, and interferences, the principal results of which will be irresponsibility in administration, frustration of efficient government, and the fostering of rackets, rather than protection of the weak or curbing of the mighty.

CHAPTER XIV

WHY FASCISM INSTEAD OF COMMUNISM

WE HAVE now given ultimate values and the force factor efficient consequences to be warranted in assuming the first three cases of many of the most confusing and frequently misinterpreted and supposed alternatives to national pacifism and what it necessarily involves. We are therefore ready to engage in some useful formation of values for fascist planning for the United States. We shall assume that an ideal fascist plan for America must provide for maximum economic production and consumption with a steady rise in living standards and a progressive expansion of productive plant, without either a class or civil war or the expropriation of all private rights in the instruments of production. The alternatives of such a formula seem to be only those of making them capitalist work better or accepting communism, the emergence of a triumphant dictatorship of the proletariat from a bloody class war and expropriation of all private property rights in producers goods. It is appropriate at this point to discuss to introduce some explanation why the fascist formula seems preferable to the communist formula. This explanation is particularly indicated in connection with a statement of the radical ends and means embraced in the fascist plan.

Now the ideals of order and planned abundance are not, as ideals, peculiar to fascism, liberal capitalism, or communism. Many readers will undoubtedly find fault with this book for not being a detailed outline of a fascist utopia and for having too much to say in the abstract about fundamentals, ends and means. The chief reason why so much is said about fascist social philosophy, and so little about an ideal or program of fascist handling of specific problems, is that it is mainly in the discussion of fascist philosophy that this book can be useful.

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164 Most socialists and radical reformers within the liberal framework nevertheless assume that the ideas of social order and reform are peculiar to certain philosophies, and they spend a good deal of time in arguing about the exact nature of what they would like to see happen, without concerning themselves with how it would also be to see these ideals realized. The problem is how to realize these ideals, and that problem is one of social engineering rather than technology. And when you talk social engineering you must talk social philosophy before you can discuss the principles. The solution involves radical social or political changes rather than technological rationalization. (We are now beginning to make use of the term rationalize in a different sense, in the sense in which industries are said to be rationalized when they are reorganized in the most rational way to make means serve ends.) Industry is highly integrated. It is organized for perfect centralized control. It has no fixed construction or aversion to daily improvement and readjustment. Indeed it furnishes for social organization a model of rationality or efficiency of means to ends.

Both fascism and communism are, in the technical sense of the term, radical schemes for rationalizing the social machinery, just as the engineers have rationalized the machinery and technology of production. By rationalization we mean, in this connection, organizing and operating productive instruments in the most rational way for the productive ends which they are supposed to serve. Obviously there is no unique scheme of social rationalization. There can be as many schemes of social rationalization as there are schemes or objectives to be sought in the social order.

As for realizing the ideal of maximum production, and raising living standards, we have to guide ourselves as to the technical possibilities a wealth of useful studies and persuasive propaganda. We are not dependent on Marxian communism either for rational exposition or popularization of the ideal of material abundance. To men like Stuart Chase, Vernon, John Dewey, and some of the more serious thinkers associated with movements like the late Senator Long's Share the Wealth

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Movement, Father Coughlin's Social Justice Movement, the La Follette Union Labor Party, Major Douglas's Social Credit Plan, the Farmer Labor Party, the Unopposed and the Labor Party are all in the line of the Communist's for the far right of the American public with the ideal of peace or materialism.

Even most of the orthodox and professional economists are beginning to recognize in a program with due reserves and modesty, the reality of the ideal of maximum output, as we also know more gradually, to be sure, certain radical changes coming to that end. An interesting and important survey of current economic studies by the professional economists and as a part of the Brookings Institution, on *America's Capacity to Produce, America's Capacity to Consume and The Formation of Capital* while making no such extravagant claims for our productive capacity as \$20,000 a year for every family, such as was made by some of the more extravagant Technocrats, indicate that about twenty per cent of our 1933 potential productive capacity was unused. Had we used only this productive potential and distributed the product to the poorest families, we need not have had any family income below \$2,000. As it was, in 1929 we had sixteen million families, or fifty-nine per cent of all the families, with incomes under \$2,000, twelve million families, or forty-two per cent, with incomes of less than \$1,500, and nearly six millions or more than twenty-one per cent, with incomes of less than \$1,000 a year.

There is reason to guess, on the basis of many estimates, that our productive plant could be made to furnish every family with an annual income of \$5,000 within ten years of reasonable expansion and rationalization of industry. A minimum family income of \$3,500 seems a comparatively easy objective for attainment within two or three years. A study, entitled *The Chart of Plenty*, by Harold Lock and Associates, a national survey of potential productive capacity carried on under C.W.A. with responsibility to F.F.R.A. and the New York City Tenement House Department, and many other studies

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of a similar import, afford a fairly well documented basis for many generalizations which, for sake of brevity, we'll merely mention here to indicate broadly the possibilities of increasing our total production and consumption.

Professional economists have as a whole, always been agreed that there is no such thing as over-production. And the most common of them will go further and say that just before the collapse of a business boom there is under production to maintain the capital values then imputed to property. As for over-production, it can be said that from a humane viewpoint, up to this time there have been both under production and under-consumption for a satisfactory standard of welfare.

A routine circular (No. 296 of November 1933) of the United States Department of Agriculture on *Diets for Four Levels of Nutritive Content, and Cost*, studied in combination with official figures of agricultural acreage and production, will establish the conclusion that, if the entire American people enjoyed a fiber diet, we should have to increase our average arable cultivation by 40 million acres, instead of withdrawing 50 million acres from production, as Secretary Wallace concluded we should have to do unless tariff reduction enabled us to dump abroad about twice as much of our cotton and wheat as present exports allow. If everyone were adequately supplied with clothing, our cotton production of 1933 would have to be increased to supply the domestic demand in housing, the deficiencies are too apparent to the hurried glance of a traveler through our cities and towns to make any figures or elaborate details necessary to establish the point. In education, the capital outlay in 1934 was only twenty-seven per cent of what it was in 1920. In 1932-34, two thousand rural schools in twenty-four states failed to open, and over two million children missed schooling altogether.

Without going into facts, or figures on figures, to support an obvious generalization, we may say that there can be no question either as to our need or capacity for increased production. The only real problem in this connection is that of mobilizing our productive factors and keeping them active. It

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is precisely at this point in the quest for planned abundance that fascism chooses itself as the only alternative to communism.

The choices we have are in the development of social machinery to make our material machinery give us the standard of living we require. A fabulous assumption of all that reformers say is if the people can be induced to give, through a fascist machine, vote a mandate to their government, a better almost complete measure of social justice and economic distribution and moral satisfaction can be carried out within the framework of existing institutions and ways. To prove this a summary of the statistics in a table hardly in the several regions of the social and natural sciences. They are unique, do not take account of the fact that a better social order requires, in the field of social institutions ways, a machine, an mechanism, not only new objectives but a driving force, a guiding hand, and a coordinated system of control. Utopian wishes can no longer furnish a driving force. A series of majority votes arrived at by the parliamentary or Congressional methods of majority group pressures, lobbying, and the individual pursuit of reelection by hundreds of office holders, do not constitute a driving hand. And a political system of checks and balances is not coordinated control.

The driving force of any national undertaking may be called nationalism, patriotism, love of country, consciousness of race, and loyalty to king, or by any one of countless other terms or phrases. The reality which unites and animates a group is a feeling of solidarity and in an enterprise of common interest is too traditional, too universally felt and manifested, and too unchangeable, to call for any attempt at exact definition. Communist Russia operates as a nation, and is driven by the dynamic force of national patriotism, or love of country and loyalty to king, quite as much as any fascist country, or any liberal country in time of war. Little need be said by way of attempt to explain why and how this force will animate an American fascism. The generative sources of this force are

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inherent in every nation. It is necessary only to tap them and provide an orderly system through which they can flow. We do not need communism to get the forces of nationalism, and communism cannot provide a substitute for those forces.

New communism professes to derive its driving force from the will of the workers to overthrow the rule of the owners of property, and substitute that rule with the dictatorship of the proletariat. As a matter of fact, of course, communism in operation has been a series of phenomena whose driving force has been derived from two main sources. First, the personal motives are too complex always for brief analysis, of the individual leaders—motivations springing from a sense of frustration under the existing order, feeling that his order was evil, and the love of power common to so many strong men, and, second, Russian patriotism, which was captured and mobilized by these existing leaders of communism, exactly as French patriotism was captured and mobilized by a Corsican second lieutenant of artillery and so died of fortune.

The civil war is a classical myth of communism, like every other war, has been the war of one crowd against another. There is nothing much to starting or keeping up a war any more than there is in starting and keeping up a fire. It needs only the first spark and then plenty of fuel. The Communists, in Russia, have fought, and continue to fight, the Reds. The Reds of Russia would incite the Reds of other countries to support the faith of the communist international and fight the Reds of the respective countries. All this is simple. But nowhere is there apparent any significant manifestation of the driving force of a proletariat will to fight as proletarians, whether in Russia or anywhere else. Russia presents the spectacle of a national government on the defensive, just as do Britain, Germany, Japan and Italy, not the spectacle of a proletariat on the warpath against the capitalists of the world.

The choice between fascism and communism, then, turns largely around the questions of the inevitability and desirability from some assumed standpoint of peace war myth, is a rationalization of what is just a war between two crowds,

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of some twenty million of its workers out of a total of fifty million. The Marxists have no doubt that the communists would make a very good ally to defeat a common enemy. But the Marxists are wrong. Most of the workers, farmers and small business men who are in command in the course of the revolution are not Marxists. This is a very important experience. When a group of men, engaged in a war that any sign of a triumph or defeat would mean the go over to the other. It is not the Marxists who are the most members of the group. The longer the Marxists class war the greater would be the loss of the energies of the communists. There is, of course, no doubt in any mind which has straight on this point. The large percentage of the non-owning, non-managing, and non-enterprising workers world, in the United States, side with the Marxists with the owners, managers, and enterprising from the very start. Most of the American workers would side with the managers and enterprisers because of the force of tradition or habits formed by education and long habit and, also, because of the prestige or moral authority which the managing and owning classes deserve in the United States where their competence is demonstrably superior to that of the Czarist regime of Russia.

We may conclude then that, because of the unfavorable relation of so many competent experts through a communist victory in the Marxian class struggle, the results would not be as favorable for the people as a whole, or even for the non-owning and non-managing workers, as a regime which required fewer sacrifices to get started. But the driving force of a consciousness of group solidarity and common group objectives is needed to run the social machinery of any planned economy. If it is not the Marxian class war spirit, it must be some other martial spirit. This force fascism develops by instilling

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the national spirit and putting it behind the enterprises of economic welfare and social control.

Fascism is not introducing a new force but merely instilling a force inherent in every nation and putting this force behind new private enterprises.

The driving principle of national fellowship already exists. The working class or proletarian class consciousness is not something which exists only by virtue of a logical classification of men into owners and workers. This Marxian classification is entirely valid for purposes of logic and definition. But it is a classification which no more creates two separate class consciousnesses or class identities for purposes of common action than the division of all mankind into red heads and non-red heads.

Conversely, the more inclusive the unifying principle, the more conflict is avoided and the greater coordination is achieved. Nationalism would be more inclusive in the United States than any formula of unity based on race, religion, profession, or class. As Americans, we are all of one nationality, though not of one race, religion, profession or set of cultural tastes. Of course, a perfect internationalism would be still more unifying and inclusive. This consideration leads many humane minds to assure to a social formula or unifying principle which would transcend all mankind or transcend national limitations. Here the inevitability of some limitation to the inclusiveness of a formula of social organization and operation is largely a matter of traditional ponderables and problems of sheer administration. If the world were to go one hundred per cent Communist or one hundred per cent Roman Catholic, any attempt at international unity would necessarily founder on the rocks of group traditions and in the complexities of administration, for which neither an international Communism nor an international Catholicism would prove a solvent.

It is safe to hazard a speculation as to the possibility of ever effecting a workable formula of international unity in a distant future. It is worse than idle for any one nation to attempt to force on an unyielding world any idea of international unity.

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If an international formula by universal assent is ever worked out it will not be necessary for any one nation to force any part of it on any other nation. And surely no one is interested in an international formula imposed and maintained by the majority of one nation. Communism, of course, maintains that an international formula to be made effective by the universal assent of the two sides (thus eliminating international war) once the capitalists have been eliminated by the Marxian class war. But communism in action has developed no reasons for supposing that workers are any less Americans, Russians and Englishmen than capitalists.

In regard to the guiding hand and the mechanisms of social control necessary to a planned society, we may dispose at once of a great deal of confusion by saying that fascism and communism equally require centralized control. In the larger essentials of social control, so far as problems of technique, mechanism, and means are concerned, fascism and communism have many similarities. It is under this heading of the imperative principles and mechanisms of social control that it seems most fitting to compare fascism and communism in respect to private property rights, private initiative in production, profits, and the free market. It is understood, of course, that fascism stands for the maintenance of all these institutions. Here there is a real problem of choice. Fascism regards private property rights, private initiative, and the free market, subordinate to a proper scheme of public interest, as useful institutions—useful means to public ends. The difference between fascism and liberalism in this respect is that fascism considers these institutions as means to national ends, whereas liberalism makes the nation and national government a means to the ends of private property and the free market.

The instrumental merits of private property and the free market can best be appreciated by analyzing any attempt to dispense entirely with them, such as is being made by communist Russia. Now, communism or socialism protects property rights in consumers goods but not producers goods. But in a large field of property, such as farms and small enterprises,

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it is impossible to draw a line between producers and consumers goods. One must either accept some measure of private ownership of the instruments of production, or soon one is driven to the extreme of a regime in which everyone will be in one position of unpaid soldiers or pensioners of an institution who have certain things deemed necessary and found available supplied to them, with no money for purchasing, or means of producing, anything else. Russian communism shows definite trends in that direction. As a matter of fact, of course, no professional army today is conducted on the extreme principle of communal rationing of everything. All soldiers are given some small pay with which to make optional purchases of things selected by themselves to suit their tastes.

A socialism which gives the individual a property right only in the clothes on his back and a few simple articles of personal use is fraught with administrative difficulties which can hardly be exaggerated. For such a socialism imposes on government a formidable amount of details or administrative minutiae in matters of directing all production, determining distribution and rewards, and taking care of one hundred per cent of those incapable of earning a living. To whatever extent private ownership and small savings exist, just so many more aged and dependents, as well as persons of difficult social adjustment, are provided with incomes and occupations without engaging State responsibility for the details of taking care of them. Institutional care is indicated for many people, and government ownership is indicated for efficient production in many fields. But ownership of small homes, farms, and productive enterprises are so indicated for many more people and many other aspects of production.

There is a large field of productive activity in which small enterprise is unquestionably more efficient and satisfactory in every way than large enterprise. Farming, of course, is the best example. Soviet Russia has yet to demonstrate that public administration can operate farms as efficiently or economically through collectivized units as private enterprise. It is doubtful whether government feeding stations will ever equate the

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in the hands of small private holders. Small holders are not only more efficient, many fields are left fallow, and the land is not properly cultivated, power is lost.

Small private ownership does not arise either in agriculture or in the production of special goods and services of a particular kind, where the total volume produced is relatively small, and where the article can easily be substituted by another. The ownership of a unique voice or talent, or resource, must be left to the individual without conferring any power to control the market. And neither the farmers nor the small business owners are ever likely to challenge the public authority of the State, or to demand a radical change in the way that large business is run. The small owners and entrepreneurs have frequently been the victims of the State, and the State has frequently been the enemy of the small owner. The State has been a means for getting with large associations, and for representing and controlling a large number of small property owners. It is not likely to prove a force that a large corporation controlled by a few men can resist.

The ownership of savings, as well as small ownership in the management of productive enterprise, can be socially controlled. The social aspect connected with savings are connected with the mechanics of investment and financial management in the large banks, savings institutions, and insurance companies which handle savings. It is a relatively easy matter for the State to preserve the present de facto rights in the hands of small savers while completely nationalizing the financial institutions which now administer their savings, or to impose on a private management of such institutions any State dictates. It cannot be repeated too often that what we need is adequate public regulation is liberal norms of law and constitutional guarantees of private rights. There is no need to expropriate private ownership of either savings or small-scale enterprise in order to maintain adequate social control. It is necessary only to nationalize large financial institutions and

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monopolistic industries, as well as all corporations whose services are indispensable but whose management has become completely divorced from ownership, and to discipline adequately private enterprises.

Wherever ownership and management have become separated, there is no point in case to be made out for private ownership or private management. In these cases, ownership is held by an army of stockholders and bondholders who cannot possibly have any say about the control and management exercised by the perpetuating hierarchies of bankers, directors, and officials on the inside who are virtually irresponsible either to the owners or to the State for the results of their economic policies. On the other hand, a governmental bureaucracy is preferable to a corporate bureaucracy, for the governmental bureaucracy can be made more responsible, more disciplined, and better integrated into a national plan. A corporate bureaucracy divorced from the control of owners is just a private army at the service of any private capitalist who may be made chief.

The fascist State can easily convert the great monopolies and bureaucratically managed large corporations into State-controlled enterprises, the present owners and creditors of which will receive income bonds or shares in a government investment company and never know any practical difference between their present capitalist relationship to the property and the relationship which the fascist State will demand and maintain for them. The corporate bureaucracy, except for a few dog-shot men at the top, will never know the difference. For there is no real difference between being a vesman official of a billion dollar bank and being an official of a State bureaucracy, except possibly as to compensation, and government owned or controlled corporations under fascist management would allow generous compensation to efficient executives.

So far as considerations of efficiency are involved, almost any rational regime, either of complete government control or some modified government direction of policies and management left in private managers' hands, would mean no greater or different administrative and practical difficulties

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that the other side would not let the language of the treaty be so broad as to include the whole of the world. The treaty was signed by a number of states, but it was not intended to be a general treaty. It was intended to be a treaty between the United States and the other states which were parties to it. The treaty was signed by the President of the United States, and it was intended to be a treaty between the United States and the other states which were parties to it. The treaty was signed by the President of the United States, and it was intended to be a treaty between the United States and the other states which were parties to it.

The case for leaving owner management to function where it can be more efficient than any scale enterprise (which is necessary in industry) and, with one or three exceptions, enterprise management divorced from ownership rests on sound considerations of public policy. In the case of, only a thin strip of a combination of privately-owned and private managed small scale enterprise and State-owned or State managed large scale enterprise can social control be maintained? It seems too obvious to need explanation that many types of production must be conducted on such a large scale that the advantages of owner management must be sacrificed for the greater advantages—in these cases, of mass production by highly integrated trusts. Such types of industry, such as the Panama Canal, are monopoly propositions which indicate the ownership of public administration.

In so far as property rights and private enterprise are concerned, however, the strongest arguments for fascism instead of communism may be found in the regulatory functions of an open market. The strongest criticism of any socialist or complete expropriation is that it leaves no free market, no pricing mechanism and no valid basis for economic calculation. Pure socialism is collective ownership and unified concentration of all material instruments of production, while sooner or later, must leave little or no freedom of choice for the individual as to consumption or occupation. These are

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TIN COMING AMERICAN EXPERTS

may we found brought us to date and made relevant to Russia in the symposium of Prof. Halm or I've been told that they are working in Soviet Russia.

[illegible]

At the beginning of 1937 there was a union conference of industrial managers at Moscow Ordzhonikidze, President of Workers and Peasants Inspection, and at that conference. "With us, the State have paid for everything and the undertaking is materially responsible for paying out. Wages are paid without referring to you (the industrial managers). Goods are paid for regardless of quality. People take your products away and distribute them." That's grand, said the audience. In the publication *Za industrializatsiyu*, the organ of the Supreme Economic Council, in its leading article of Dec-

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be ended, the great monopolies nationalized, and all the economic processes controlled in the discharge of a national plan. The ultimate objective is welfare through a strong national State, and neither the dictatorship of the proletariat nor the supremacy of private rights under any given set of rules.

CHAPTER XV

ENLARGING THE MARKET A FINANCIAL PROBLEM

PERHAPS the simplest and briefest way of stating the basic objectives of national economic planning today is to say that the market must be enlarged, and social control achieved. Just as the more logical and harder-headed communists like Lenin predicted, liberal capitalism is slowly going to pieces on the failure of the market to continue to absorb adequately the increasing supply of goods which must be produced and sold in the system to work, and so, if the unemployed are ever to work again. We have already in another connection, disposed of the classical argument of capitalism that the production of goods and services inevitably through trade provides the necessary market for the total output. The fact and old custom of hoarding, now in revival, is knocking that argument into a cocked hat.

Increasing the domestic market presents difficulties mainly in the field of finance. No sensible person questions that there are desires and needs for a larger output or that there is ample capacity for its production. The only serious objection raised is "But where is the money to come from?" The answer, obviously, is "From the same sources which have furnished all our money for wars and business expansion in the past."

If the objection takes the form of the question, "But how can this additional production and consumption be paid for?" the answer is, "With more production." Things have to be paid for (they are really paid for, with other things, money symbols being only the counters). The making of the money, whether by a turn of the government printing press or a stroke of a banker's pen, is always an extremely

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simple and easy matter. As the act of paying out money whether for commodities or products goods, creates the need for more money with a use of money that the economic process itself always begins.

So the creation of money that it seems to many people to be a simple matter, is in fact, from the point of view of the individual, with money he can buy or command others to produce goods and services, and without money he can do neither. The trouble here of course, is that the individual cannot make money with a stroke of a banker's pen. He must get it from the government printing press. The value of money is not made by the government, but by the fact that it is the only thing that can only do if they will give it to him. For some time he can produce or lend him money, but if he cannot sell his product or labor for money or borrow money, the question "Where is the money coming from?" completely floors him. As long as most individuals, under liberal capitalism, could readily sell their labor or products of their labor, land, and tools, there was no economic or monetary problem. A prospective sale only could make a sound loan under private capitalism. No sale in prospect, no bank loan requiring such sale for repayment. Thus explains why bank loans to business are shrinking and why the banks in 1935 are buying 51% of the new government bonds, the banks now holding 53% of the total federal debt.

Now, however, the problem of getting more money from the banks is so acute and the solution requires the intervention of an outside agent who is not embarrassed by the inability to make or get money except by the sale of something in the open market. In the present situation, that agent can only be the State or the person who has the right to make money and the power to get it back without having to rely on a sale in the free market to obtain it.

People hear with horror any mention of government-made money. They have been trained to believe that only money made by a stroke of a banker's pen in creating a loan and a

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corresponding deposit credit is good money. No amount of talk by the liberal economists or finance would try to explain the creation of bank money or bank deposit credit as anything but creation of something that does not exist already, but merely as the mobilization of money or credit which is already out there. Only a bank could mobilize it. The old faith of this explanation lay in the fact that if it were proved to involve a government creation of money it was indignantly rejected by those who used it to rationalize a banker's creation of money.

Obviously, all creations of paper, token, or bank deposit money whether by the government, a central bank, a public, or a private bank are creations of fiat money and are fraught with the same dangers. Every expression is a series of proofs of the soundness of a large volume of bank-made money or credit. Only commodity money, like gold and silver which, as a commodity, is worth its face value, is not fiat money. All our economic prosperity and achievements have been financed by fiat money, and all our economic blunders or misfortunes can be attributed to fiat money, facts which should indicate the pointlessness of using terms like fiat money to disapprove of any given expenditure or investment public or private.

Every effort should be made to avoid the evils of inflation, or a depreciating currency and a collapsing credit structure. But these evils can never be avoided through the use of deflation. It is not certain that these evils, as a practical matter, can ever be entirely avoided. But, certainly, every reasonable understanding should be made to avoid them. The only way to avoid or minimize these evils is to keep the volume and velocity of circulation of money, paper and bank deposit money, on a fairly stable relation to the volume of production.

If the total sum of money payments made in a given period increases markedly, faster than the total volume of goods and services produced for sale in that period, there will ordinarily be inflation or rise in prices, and a fall in the value of money. Incidentally, it is to be remarked that communist Russia has been

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steadily inflating its currency and depreciating the purchasing power of the currency in the execution of its construction and five year programs. And as every one knows no capitalist or fascist country since the War has enjoyed prosperity except where and whenever it was indulging in inflation.

It remains to be shown, therefore, that the evils of inflation are on the whole a nettable. Anyone who claims he has a remedy or remedy against the evils of inflation is sure to be a fool for a while he has such a remedy, it has not been considered and, until the demonstration has been made, no one has a right to assert that he knows that he has a remedy. But the fact that no one knows a sovereign preventive of the evils and mistakes of inflation is no reason why money should not be created and spent by government to end unemployment, increase the supply of goods, enlarge productive capacity, and, consequently, thereby to increase the sum of human happiness. After all it must be remembered that capitalist America, communist Russia, and fascist Germany, enjoy great additions to their productive capital and current income as a result of inflationary spending and capital goods construction. And, after all, these benefits undoubtedly outweigh the real evils which have attended or followed inflation.

Obviously, every attempt must be made to keep prices production and the quantity of money in the right relation—quantity of goods to quantity of money—and thereby to avoid or minimize the evils of inflation. This problem, however, cannot be solved by legal definitions or prohibitory law. The only prohibitory law which would be adequate and relevant to the prevention of the evils of inflation under liberal capitalism would be absurd, for such a law would have simply to prohibit depressions. If depressions can be prevented or minimized it will not be by prohibition or legal definitions. It will be by executive management. This is one of the reasons why the fascist formula which allows the State to do more than the remedies of inflation defined and applied prohibition and punishment after the fact

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Among the rules for avoiding inflation, the simplest to state can be worded briefly somewhat as follows: (1) Create new money bank deposit money, or paper money, only for the payment of debts and payment for the production of new physical goods and services. (2) Create and offer no more money for goods and services than is required to obtain the maximum attainable output from the existing plant. When more goods are demanded, with money in the available supply and means of production can satisfy, prices go up, money goes down—and inflation is over. Creation and use of additional money for speculation and for attempts to force production beyond physical limits must be avoided if inflation is to be averted.

It is easy to state these simple rules, it is by no means easy to know how and when to apply them. What is even more important at present is the fact that with the framework of liberal capitalism it is out of the question even to make any serious attempt to enforce observance of these rules. Among the chief reasons why no serious attempt can ever be made under liberal capitalism to apply the first rule are the following. Banks create money for loans in proportion to the interest they can obtain on loans with safety as to repayment. Speculators pay the highest interest rates, and often are able to get excellent security. So banks prefer loans to speculators if as is usually the case, there are satisfactory guarantees of repayment of loans to finance speculations. Call loans on Stock Exchange securities as collateral are perfect examples of good loans for bankers and bad loans for economic order. The guarantees of these social bad loans where, not in the economic soundness of the loan but in special market machinery, special legal contracts, and the fact that there is always a buyer (usually a sucker who buys on a falling market) for bad and overpriced bank collateral to take it off the hands of the bank before that institution gets stuck.

Banks, we see, then, do not ordinarily, and could not effectively if they would control the uses made of money, they create and lend so as to check inflation and speculation. A

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borrower may say he wants a loan for a given purpose, but building himself a home, or a corporation may say it wants a loan for some stated business use or investment. The borrower may not intend to use or investment of so much money. At the same time, however, the individual home builder, or the corporation, may make a speculative use of a smaller amount of money which would not have been made had the loan not been obtained for the other alleged purpose. The point, of course, is that as a rule, borrowers (certainsay the rich and the large company) usually have lots of money at the time they borrow a given sum in addition to that sum. Consequently, in most cases, a given loan merely swells the cash holdings of the borrower. It is, therefore, absurd to say of a given loan to a borrower, through whose hands several times as much money flows every week or every year, that the particular loan went to a given purpose. Such a statement is exactly like saying that a small rivulet which runs into one of many streams which feed many reservoirs which supply New York City with water is the rivulet which furnishes the water for the City Hall or the Union League Club.

In brief, whatever they may advertise to the contrary, banks have to be guided in making loans mainly, if not exclusively, by two rules: (1) Get the highest return possible on the loan. (2) Get the loan repaid. Loans which meet these rules have to be made, whatever harmful social effects they may produce. And loans which do not meet these rules have to be avoided, whatever beneficial social fruits they might bear. This being true, private banks must necessarily pour oil on the fires of speculation when they start burning, and they must fail in prime recovery in a crisis like that of the present, when government loans in sufficient quantity cannot be found. To prevent the creation of new bank money by banks to enable speculation to pay higher prices for Florida real estate or Stock Exchange securities, it is necessary to take the power to create new money for loans from private bankers, who must always use such power in a way to feed the fires of speculation, because loans to

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speculators on price changes are usually the most profitable to banks.

But even if the State has the monopoly of banking, as in Communist Russia, the State may, as Communist Russia is doing, create the evils of inflation by creating and spending money to pay for more physical production than the productive plant of the nation is capable of furnishing. To avoid the evils of inflation it is necessary among other things, to have no creation of money to finance speculators in bidding up prices of goods already produced, and also to have no creation of money to finance a greater demand for new production than the available productive resources can supply.

Now, as I have said, no one can claim for any formula that it will insure adequate observance of these two rules and invite others for avoiding inflationary evils. Furthermore, we cannot be sure that a State following and enforcing these rules might not still run into inflation through the operation of factors beyond its control producing scarcity. All that can fairly be claimed for fascism, in this respect, is that it offers the best political and administrative formula for keeping money and production in the right relation to insure stability and to avert inflation. Keeping production up to capacity, and not trying to force it too much, may be said to constitute problems in scientific measurement of a sort which presents no real difficulties, value selection problems which are exercises in imagination and power, and administrative problems, the like of which have to be met in all large human undertakings.

The ends of successful executive attack on this problem will not be helped by the usual arguments and concepts employed in discussion of monetary and economic questions. Nor will the standards of sound or successful finance for private banks and individuals furnish much useful guidance for the government undertaking to spend or invest enough money every year to take up the slack in private spending and investing. The rules for sound private or commercial banking can be found in hundreds of textbooks. These rules amount to saying "Don't make a bad loan. When times are good it is hard

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to make a bad loan. Lendary precautions are taken against embezzlers and rogues. When a man has had the firmness to get loans on a basis of reserves impossible to find outside good loans (that is, loans that will be repaid) for one's business.

All of this merely proves that most of the rules for making a loan are now lost amid frauds, are largely superfluous. The maker of a private or bank loan has the right to rely for repayment on a set of conditions and events over which he cannot possibly exercise any control. As the elder Mr. Morgan once testified, in 1912, before a Senate Committee, a banker is able to rely on a useful standard for making loans. Borrowers may be selected according to character. The result is a large extent, outside the control of borrowers and lenders. A sum of character factors and general conditions are favorable, the private or bank lender relies mainly on an open market to provide the borrower with funds to repay the loan.

Government creations of credit to finance spending and investing, however, cannot rely on the character of borrowers, favorable business conditions and a market which will not be borrowers' funds for the repayment of the government loan. If this happy combination of conditions were present, there would be no need for government intervention in the economic process. If government could find good borrowers, such borrowers could find ample accommodations from the banks. If ample borrowing demands of the right sort were supplied by our funds, there would be no depression.

No; government creations of credit to finance social expenditure and investment must rely on entirely different mechanisms and principles to keep credit and money sound or to keep production and money in the right relation one to the other. For one thing, government expenditures on social services cannot be recovered by the sale of such services in the open market. If the parents of the children who attend the public schools had to pay the cost of the instruction of their children, most of the children now in school would not be

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there, much to the joy and the av of the taxpayers who are now paying enormous high taxes. For another thing, government expenditures on social clearance, grade crossing elimination, and highway and public works projects of all sorts, cannot possibly earn their capital costs through charges collected, in a free market. If they could, private initiative and private funds would finance and execute most of these projects for the rents to be or charges obtainable from them. The chief reasons, of course, why capital charges on so many desirable building projects are more than rents would cover are high interest rates and inflated land values.

From the foregoing considerations, it follows naturally that if government is to make large social expenditures and investments, government must exercise two important public powers. In the first place, it must levy the appropriate taxes or rates to get back into the public treasury each year as much money as it puts out on such expenditures and investments. Second, largely for reasons of administrative convenience and efficiency, government must exercise the monopoly of bank credit creation, which government can do only through nationalization of the banks. Government, of course, might allow the private ownership and management of banking to continue and obtain whatever it wanted of them by forceful taking or commanding. But there are difficulties about such a course of procedure too obvious to need mention. It is possible, as is happening in many European countries, for government to get much of what it wants from privately owned banks through a system of procedure which combines in varying degrees government coercion and voluntary banker cooperation.

Nationalization of the banks is the simplest method, but the simplest method is not always the easiest to carry out. In this country it is little realized how powerful a government can be, or how meek and cooperative bankers and big business men can learn to be once they have to deal with a strong government, to defy which they cannot every minute run into the courts with an expensive legal action.

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The power to get the requisite amount of money for spending in the first instance by recourse to the device of issuing credit is the power to get the money back through taxation for re-spending. However, these are not the only requisites for enlarging our way out of a depression. In exercising these powers, there are many problems of a highly technical character to be solved early and efficiently if ultimate inflationary disaster is to be avoided. This is but another reason why these powers cannot be solely exercised by government under the liberal form of divided powers and responsibilities.

Take the creation of credit for one thing. This act, and the spending of the first money so created, imposes on the entire community a corresponding amount of forced saving. Under the liberal system, the bankers get the interest or profit on forced saving which is taken from the whole people and redistributed wealth. Waiving the question of the moral rights of the bankers to levy a profit on the enforced savings of the community, there is this to be said for a system of credit creation only by private bankers: it formerly had the element of some degree of banker responsibility. When banks were strictly private affairs, managed by men who had their entire fortune in the bank, and on terms which made the banker's entire fortune responsible for the bank's activities, this control was significant and fairly effective to check excessive inflation. Now that the big New York banks have come to be controlled by high pressure executives who hide their personal fortunes under the ownership of their wives or of dummy companies, which the bank executives control, but do not own, the control is not operative. The dominating executive can wreck a bank while enriching himself, and when the wrecking is completed and he is ousted, he can find himself still a rich man by reason of the money he has saved away in his wife's name.

All of this merely amounts to saying that the controls of private ownership no longer apply to large banks managed by men whose only stake in the bank is their yearly salary and bonus, and whose ruling principle of management can be to

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make hay for themselves while the sun shines. But a control over the creation of new credit is necessary, and it remains for any government using the power to create credit for social enterprise and investment to perfect satisfactory controls.

There is one way to develop such a control is to follow the principles of honest accounting. By allowing a large field of private enterprise in which private enterprise will make a profit for private and voluntary savings the State will have the guarantee of a capital return rate to indicate just how much money must be paid as a premium to induce them voluntarily to save the full amount required for business uses. When the government asks the people, or rather forces them through the creation of a five or ten year banking program, to make a given amount of saving which, of course, returned to them or kept for them in the public assets created and the services so rendered, the government will be able to tell exactly by simple accounting methods how much corresponds to an interest rate, it has levied on the people in this way.

It may be argued that government should always pay an interest on its borrowings in order to be governed more effectively by some control. Such borrowing is practiced on a large scale internally by communist Russia. Where there are no private banks it is free of many of the evils of government borrowing from private banks, for then it is always direct borrowing of genuine private savings.

In a communist State, where there is no private business bidding for private savings, such borrowing has much to commend it as a guide or control to indicate the state of the personal or psychological factors in respect of saving. In a fascist State, such borrowing would be unnecessary for that reason, since some private enterprise would serve the same purpose of control by bidding capital return for private savings. Moreover, such public borrowing under these circumstances would be harmful for the reason that it would tend to divert voluntary savings from private enterprise. It would make the government a harmful competitor of private enterprise in the free capital market. This evil would be most vicious in the area of large

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investment funds and private fortunes. They are naturally expected to seek maximum safety and accept minimum return. It is socially desirable that large fortunes be forced to take average safety run current business risks, and take their full share of current business losses. If large fortunes or funds are not kept pruned down, but are allowed to grow in geometric progression at compound interest, without risk or managerial responsibility, by the simple expedient of being invested in secure government obligations, it will be necessary to have such fortunes kept down by drastic direct government taxation or by terrific economic collapses and currency devaluations. The simplest way to keep private fortunes small is to force them to run all the risks of private enterprise. A few fortunes may thus grow large under the skin of better management, of one or two men for one or two generations, but in time most large fortunes will get broken up in this way. Besides, as long as a large fortune is kept intact by personal and successful management of production, it is entitled to plead some of the defenses of private capitalism which are now assuredly invoked for fortunes, the owners and managers of which render no socially useful services.

Taxation still remains the most important instrumentality for averting or minimizing the evils of inflation and subsequent currency devaluation naturally inherent in any large government program of social expenditure and investment with the aid of credit money. Taxation, as most people understand it, is a vague sort of waf, is also an extremely complicated technical problem which should be given the most scientific solution possible. This is no place for the most summary discussion of tax theory and practice. Suffice it only to state a few correct generalizations.

In the first place, fascism, by exalting the ideals of nationalism, must tend to change popular attitudes toward the payment of taxes. It is not good form in any reputable association, good club, a sporting party or an army, to be trying all the time to wring out of some obligation to the group. Paying one's toll tax, and paying a heavy tax, should be as much a matter

of personal pride as paying for a round of drinks in any social group.

In the second place, the altogether rational idea that taxes are merely payments for services rendered must be indoctrinated in the people. The larger the tax, the larger the service received. It does not really matter whether the service is rendered by the State or by the barber around the corner. What matters is whether the service is desired, and whether it has been efficiently and economically furnished. If the rich paid heavy taxes to eliminate the slums and beautify our cities, they would, given the cultivation of the right attitude, receive quite as much aesthetic satisfaction from the change in the environment which they are forced to live in or near as they derive from a few weeks or months a year spent on a private yacht or a country estate, or in the possession and contemplation of an expensive work of art. After all, the richest citizens in New York have to live within a stone's throw of the slums, and as they drive to and from their country estates they have to suffer the sights and smells of the slums. Since by reason of the ease of locomotion and the universal means for movement, all of us are tending more and more to live in the entire country, money spent to make the country, as a whole, more pleasant to live in must be a service to all of us.

In the third place, the idea that some arbitrary equalization of fortunes and incomes by taxation is desirable must be popularized, even among the rich. As has been explained again and again in technical explications of the principles of the capital levy, equalization by taxation does not need to involve any interference whatever with the organization and operation of large productive or service enterprises.

No sales tax or capital levy would put the Ford plant up for sale or force a change of management. Any amount of tax on or capital levy could be laid on that plant, or any other industry owned by a single family or individual, in a way to leave management unchanged and to provide for the payment of the tax or levy out of income. The Government could become a ten, fifty or seventy-five per cent shareholder of any produc-

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tive plant without disrupting thereby the successful management of such a plant. The owners of the remaining shares of this plant would have just as much interest in making the plant efficient and profitable operation if the government owned fifty per cent of the income as if it owned ten per cent.

The notion that the intensity and attentiveness of a man's efforts in a business are proportionate to the extent of his proprietorship is as silly as it is to suppose that a man working a ten million dollar business is ten times as efficient and attentive as a man owning a million dollar business. It is the size of the share, but the fact of having a share bears no relation to the profits and losses which counts. After all, the executive owner of a very large enterprise is far more the slave of that job than the common laborer who can turn to a hundred different jobs, any one of which he can do equally well. The opportunity for executive, he fewer the opportunities for his personal work.

And in the fourth and last place, the idea that taxation can be cut to meet the operation requirements of successful business must yield to the idea that business must be conducted in a way to meet the requirements of successful government taxation. It is perfectly true that business on the liberal capitalist system can stand only limited taxation, for taxation is a cost which reduces profits, and liberal capitalist business needs large profits to flourish and offset large losses. But this merely proves that liberal capitalism is doomed, not necessarily private ownership and management. For the latter can flourish without a high rate of profit or a steady compounding of surplus value. Private ownership and management on the other hand can flourish and a stable income is a feasible and fact of life, but not an ideal of liberal capitalism.

The basic problems of a large program of government spending and investing to take up the slack in private production are those of honest and scientific cost accounting, measurement, value judgments, and their administration. These problems cannot be attacked with the tools of the liberal, parliamentary systems. Desirable results cannot be realized by legal enactment, prohibition or deferral.

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They must be achieved only by successful management. This means the innovativeness of the organization of an executive force and of the person of an adequate leader.

It is the custom to deride the ineptitudes and inadequacies of government officials. In connection with the proposal of a strong executive state and an adequate social program for that state, such derision is absurd. It is not true that government officials are notoriously incompetent or that the techniques of economic measurement, cost accounting, budget making and budget balancing, and scientific taxation, are not thoroughly understood by enough men to insure the success of an executive state which had our situation to meet.

Under the existing system, government officials have no chance of applying the science and skills which they have, or could have, simply because of the inhibitions of liberal social norms. It is a significant fact that business men and scientists rarely criticize army and navy officers, who are government officials, for failing to use science and technology in killing people. There is little doubt that every army and navy is using the latest and fullest resources of science and technology to the best of their ability or as well as possible with the appropriations and personnel available. So far as financial technique is concerned, we are quite as competent as we are in the art of war. And the financial techniques can perform quite as well to finance a State undertaking in peace as in war. The goods can be produced, the means of payment can be provided, and the rhythm of payments and collection kept in proper relation to the rhythm of production and exchange with such errors and failures as characterize all human undertakings, provided only there is the will to achieve these results.

CHAPTER XVI CONTROL THE PROBLEM OF POLITICAL ORGANIZATION

AFTER the enlargement of the market, economic control is the next biggest problem for an American fascist. Control, management, or government (as one may prefer to term it) is the next step, or those things adequate to the demands of social order may be thought of in two broad divisions. First, there is political organization, or the mechanics of carrying through the use of the coercion of public authority. Second, there is the organization of the inculcation of right social conduct into the social order work.

Under political organization, the two major functions may be called those of administration and representation. Administration is government. It includes the making, interpreting, enforcing of laws, regulations and public policies. No distinction can be drawn between making, interpreting, enforcing law, or the national plan. Administration is getting the national plan realized and preventing its defeat or frustration. Representation is the process through which government is kept apprised of the popular will and through which government makes the popular will understood and will the means and ends of public administration.

The term democracy will not be made the subject of necessity at definition, but the point may here be interjected that if democracy means the rule of the people, it must mean the rule under some efficient formula of political organization. The people do not rule by legal definition but by efficient political machinery. The efficiency of public administration in controlling the conditions of life in a country is the measure of popular rule.

It is a distorted sense of reality which calls the rule of the

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...under extreme laissez faire the rule of the people. The people rule in the extent that they are disciplined. The people rule in the extent that they are not the extent that the nation can do as it chooses. There is no rule of the people or any individual. It is the rule of disorder or chaos. There is no one rule of right or wrong. Most of the rules of behavior which are most to be feared and responsible, and selfish who, under liberalism, can produce expressions of popular will and opinion to suit their selfish interests at the rate of so many dollars a given unit of expression of popular opinion or will.

The scheme of political organization should make the most rational provision for efficient administration and useful representation of group interests in the determination of public policies. At present it may be said of the American political scheme of organization that tradition is its ruling principle, and in every other American scheme of organization rationality or fitness of means to ends, is the ruling principle. Fascism would make the American scheme of political organization conform to the standards of fitness of means to ends which govern in all our other important schemes of organization. In other words, fascism would rationalize our scheme of political organization. Fascism holds that we must be administered as a nation, not as a confederacy of sovereign states, and represented according to group interests which have the greatest importance and which are prepared to accept responsibility for full cooperation with government, not according to regional residence.

Integration of governmental agencies and coordination of activity may be called the keystone principles of fascist administration. Applied in the United States, these principles would mean the end of our federal system of state rights and of the functions of a functional separation of powers as between the legislative, executive, and judicial branches of government. And, needless to add, these principles would mean the replacement

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So we may say that it matters little how American jurists,
historians, political scientists, or statesmen profess au-
thoritatively to define the American nation and limit the
powers of its metaphysical forty-nine separate sovereignties.
What they have to say is important mainly to themselves. The
only definition of the American nation I have seen which has
value must be written by the necessities of group self-preser-
vation and assertion of group values in a world in which
no one nation can control. In the face of prolonged foreign
pressure on a nation this would mean, concretely, that the
national government would be free to choose between escap-
ing the Continent and facing power the country would be
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ward in the American Revolution we have
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When there space for a lengthy and well-documented case
could easily be room to show that purely domestic prob-

CONTROL

...the state's power to control the economy, and to regulate the distribution of wealth, is a necessary condition for the maintenance of a stable and just society. The state must be able to control the economy, and to regulate the distribution of wealth, in order to prevent the accumulation of wealth in the hands of a few, and to ensure that the benefits of economic growth are shared by all.

...Why the States? and to regulate the economy, and to regulate the distribution of wealth, is a necessary condition for the maintenance of a stable and just society. The state must be able to control the economy, and to regulate the distribution of wealth, in order to prevent the accumulation of wealth in the hands of a few, and to ensure that the benefits of economic growth are shared by all. The state must be able to control the economy, and to regulate the distribution of wealth, in order to prevent the accumulation of wealth in the hands of a few, and to ensure that the benefits of economic growth are shared by all. The state must be able to control the economy, and to regulate the distribution of wealth, in order to prevent the accumulation of wealth in the hands of a few, and to ensure that the benefits of economic growth are shared by all.

In most cases of particularly voracious champions of the rights, one can go through the man's history with a fine comb in vain to find one instance of his ever having made a sacrifice for, or a voluntary gift to, his state, or any other

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To say that an American fascism can find no use for the present federal set-up is not to say that fascism would have no use for regional subdivisions for political and economic administration. It is only to say that political subdivisions must correspond to some rational and useful purpose to which the states cannot be said to correspond. Nor is the retention of the federal system as presented in the Constitution tantamount to a retention of local self-government or a denial of representation to any significant group interests. The forty-eight American states are not divisions of territory, people, or interests which are any longer significant or relevant to useful purposes. State boundaries in many instances arbitrarily separate areas which are united by a series of community interests in which could consist the political and administrative units. Thus, the metropolitan area of New York, a useful geographical unit for ad-

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administration and representation, is divided by state boundaries. For purposes of political administration or representation of significant regional interests, the metropolitan areas ought to be separate units.

So far as regional divisions are concerned, it would seem foolish that they should be drawn from time to time solely with reference to the needs of efficient administration. While as a regional representation, it would seem most doubtful that any good can come of attempts to provide for political representation according to geography. If there must be minority group representation, and it would seem that there must be, it should be representation only for groups having interests that are peculiar to the group and common to all or most of the members of the group. Now, it cannot by any stretch of the imagination be supposed that the people living in any one of the states, Pennsylvania, New York, or Illinois, have interests in common as inhabitants of those states, except as such community of interest is artificial, created by the state form of government. The residents of the metropolitan cities of New York, Chicago, and Philadelphia, have more interests in common and of a nature peculiar to residence in a big city, than the residents of New York City have with the farmers of upstate New York. The ends neither of rational administration nor rational representation are well served by the state organizations of the federal union. If this proposition be reasonably true, is it good Americanism to be irrational and bad Americanism to be rational?

So far as political organization for representation is concerned, it must correspond to the rationale of power, cohesion and workability. If, as is the case under our present system, the attempt is made to give representation to groups like the inhabitants within an area artificially delimited to correspond to no present day significant cultural or economic boundaries, we get, among other things, an unofficial and irresponsible representation through improper and often illegal wars of group interests such as bankers, the utility companies, the manufacturers, the farmers, trade unions, the American

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crans, certain religious associations, and so on. I hear's and eminent elder statesmen are constantly deploring the behavior of pressure groups in relation to government. And they insist on telling us that such behavior is not according to the rules of the game and should be stopped. With this naive thought they are constantly investigating, exposing, and legislating for adequate representation of minority group representations. They find, the unpopularity of minority group representations. They forget that these minority groups constitute real communities of interest, real force potentials, and thoroughly human factors of interest, and that they have no real and proper means of adequate political representation. Reform cannot remove or curb these force potentials, but fascism can create for them socially disciplined instruments of expression and representation.

The moral for the world's reformer is that representation for unreal or economical and socially powerless minority groups be the inhabitants of regional subdivisions called states must be scrapped, and equal representation for real and powerful minority groups must be provided for in an adequate manner. Representation will always be proportionate to might, regardless of law or contrary ethical standards. The citizens of a state as such have practically speaking no political or economic might. These same citizens as members of a public utility committee, a manufacturers' association or a labor union, have, as a practical matter, a very real might. It is for this reason that the laws and administration of state governments, as well as of the federal government, conform to pressures of minority groups rather than to the pressures of the citizens of states as such.

It may be said that we have got along fairly well under this system. It is true that we have got on fairly well in spite of this system. The fact is that administration and representation will go on in spite of almost any institutional absurdities. The evils of the combination of a formal legal, proper, and visible government by unreal group organisms called states, with an informal, illegal improper, and invisible government by real group organisms are too obvious to need argument. These evils can be epitomized in one word—irresponsibility. Doubt-

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less it is fair to say that no people deserve a better government than the one they get, or that the government can never be better than the people. A free government will be no more than the people and the leaders in power, but it will exemplify administrative functions in a group representative or, worse, responsible. That is to say, there will be government persons to take full responsibility for acts of administration, and not only group leaders to take responsibility for acts in representation of group interests.

In this connection it is apropos to remark, in passing, that the well-known hostility of the labor union leaders toward the liberal capitalism of the theory and practice of fascism is chiefly due to their innate aversion to an assumption of social or political responsibility. The labor union high-ups are no doubters, for the greater part, fairly loyal to the interests of their clients, provided the permanent jobs and high incomes of the upper bureaucracy are secure. But they wish to put an individualist game for the smaller social group constituted by their members so far as the entire social group is concerned. Labor union leaders have, therefore, opposed laws forcing the unions incorporation and publication of financial statements. They like to be able to play with the millions of dollars which flow in dues into their war chest, without any one outside of a charmed circle of three or four high officials knowing where the money goes. In this respect, the executive committee of an American labor union likes to work with the same secret and social irresponsibility with which executive committees of great corporations so often operate. Indeed, the best apology for the secrecy and irresponsibility of high executive action by labor leaders or corporate executive committees is to say that it is the universal way of exercising power under liberal capitalism. Fascism believes in, and provides for, labor representation, but with full responsibility of group organizations for organizational decisions.

Perhaps the greatest single vice of the liberal system is that of the anti-social, or socially irresponsible behavior of government in determining the decisions and policies of minority group interests in determining the decisions and policies.

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of public administration. The right to behave in these ways is usually the right which minority group representatives compound with fascism violates. The logic of the fascist over these complaints is the logic of a discipline necessary for the welfare of the total group. Any discipline to meet the order and welfare imperatives of the total group must force minority groups to accept representation of the interests, and cooperation with the scheme of the total group. The logic of this discipline is totalitarian group scheme work. The logic of this discipline is that the members of the minority groups will not long prosper if the larger or total group does not prosper. Concretely, this would mean that the rate a power company might charge in a given community, or the wage a small group of special workers might obtain, would not be whatever could be obtained by the use of the monopoly power in one case or the blackmail power of the strike in the other case.

On careful analysis, it will usually be found that the rights of the minority group alleged to be denied or curtailed by fascism are rights to use a pressure in a given situation, real or against society as a whole, for all it may be worth at that moment to that group. Obviously if minority groups exercise their powers within the latitude allowed by liberal or libertarian principles, the results will be anarchic, as they so often are certain groups getting the best of it and the majority of the people getting the worst of it. One of the functions of government is to impose a national discipline on minority groups rather than to furnish a playground, with unimpres and consist for the free play of minority group pressures.

The specific problems of mechanisms to effectuate national administration and rational representation cannot be advantageously opened up in anything but a highly technical treatise. No useful purpose would be served by a brief description of fascist mechanisms abroad, for such description would have to be too brief to be adequately informing and, however adequate it might be, it would be largely irrelevant to our particular needs and problems. No one need worry about the technical capacity for rationalizing governmental administration and group representation.

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representation to be found in a country which has our resources. We have working models in the modern transportation, organization for centralized control and management, great variety of trade, professional, and fraternal agreements. We have the modern techniques and experience for solving problems of representation. The State has all these resources in command. And, in the United States, these resources are more abundant than in any European country.

The first issue is not how to rationalize public administration in the technical sense of the term, that is, in the sense of making means and ends. The only real issue raised is the question of whether we shall retain our present political system. This issue will doubtless be resolved not by the pressure of necessity such as those advanced in this book, but by the pressure of necessity in the face of challenges, by the pressure of necessity, the most dynamic and creative of all. The pressure of necessity, arising first in foreign war, or threat of war, rather than in domestic difficulties.

The rationalization of our political system in the direction of fascism is in progress. It is seen in a growing, at different rates, since the days of John Marshall. President Franklin D. Roosevelt is following the line, or being driven to follow the line, in the use of his predecessors. The use of the modern trust and the present-day uses of the modern cooperative organization during the last few decades of the century. The institutions in ways have been more to make fascism more than any previous period. The economic conditions and the conditions, the world today, the situation of early capitalism in the last few decades, the situation of early capitalism in the last few decades, the situation of early capitalism in the last few decades. Roosevelt is following fascism. And, as we have already stated, these conditions and events have to be met with the necessity of social adjustment for survival, not with the necessity of social adjustment for survival, not with the necessity of social adjustment for survival.

In any, even or long term trend of this sort—toward a social system to which it is difficult to speculate about, or about

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no great importance to, the exact moment when the greatest or more or less final change will take place. It seems too obvious to need saying that here we are like food that, within the next year or five years, the United States will be transformed into a fully rationalized national State, which, in this book, is called fascism for purposes of identification and certain familiar characteristics of now operating systems are labeled fascist.

The purpose and usefulness of this discussion may be considered as the preparation of an opinion and effective readiness for the inevitable trend of social change and transformation. The greatest step toward the founding fathers of the American system in the late 18th century was their grasp of the political theory of their times. The greatest step toward the founding fathers today is a grasp of that same theory in the case of a new order. Times have changed, and a political theory to suit the changed times is required.

CHAPTER XVII

CONTROL MAKING GOOD CITIZENS

In this chapter, continuing the discussion of social control, we shall be concerned with the processes of education, indoctrination, and inculcation of right attitudes. We may, then, classify all human institutions into those in which education is purposive, or done with certain purposes pursued by those in charge of the institution, and those institutions in which education is non-purposive and purely, or chiefly, incidental. The school is an institution which most people will readily admit has this purpose and educates with definite purposes. Accordingly, I am including in this chapter a reprint of an article I contributed to a symposium on "Indoctrination, The Task Before the American School," published in *The Social Frontier, A Journal of Educational Criticism and Reconstruction*, January 1935, in permission to reprint which I make acknowledgment to the publishers of that magazine. This article expresses the fascist philosophy with regard to education and indoctrination done by that institution, the school, which every one recognizes to be engaged in purposive education.

Before entering upon a brief discussion of education by the school as one of the important agencies of social control of government, let us run over one or two considerations which link up certain other institutions with the school as educators with social purposes. The church, the press, the theatre, the moving picture, and the radio undoubtedly do more educating than the school, if for no other reason than that they educate people throughout their entire lifetimes. These institutions also educate with definite social purposes. Sometimes these purposes harmonize with the larger purposes of the social plan, and sometimes they certainly do not. In the fascist view of things, all institutional formation of character, mind, social

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attitudes, and opinions with a social purpose, must harmonize with, and not be antagonistic to, the larger purposes of the national plan. This means that fascism holds that no institution forming people's minds, characters, and attitudes should have among its purposes or effects the unforming of people for good citizenship as the State defines good citizenship.

It is obviously impossible to list all the offenses which purposive education, whether by the church, school, or radio, can commit against the national interest. It is only possible, in a brief space, to outline certain guiding principles in reference to purposive education by powerful social institutions. The first consideration in order of logical approach, perhaps, is the one most ignored, or openly denied, by liberalism. It is the consideration that institutions like the church, the radio, or the press, to mention only three examples, do form people's minds and social attitudes with definite social purposes which are determined by the persons in charge of the institution, or, more particularly, by the persons in charge of the particular unit of the institution in question. No one can work on a farm or in a bakery without getting a good deal of education from the experience, but the social attitudes acquired while undergoing these experiences may vary greatly. Few persons, however, can read the Hearst papers daily, or tune in daily on certain radio programs, or attend weekly certain churches, without having their social attitudes and opinions markedly determined by these experiences. In the cases of a minority of those constantly exposed to one of these institutional educators with a purpose, it may be said that most of their opinions and attitudes will be derived almost entirely from two or three of these.

From the consideration just stated follows a second one, that given units of some of these important institutional educators or opinion- and attitude-formers are largely, at times, wholly—controlled by powerful persons or economic interests for private ends which are not always consistent with public ends. These rich persons who can own a newspaper, buy the over-national hook-ups, and command the resources of expensive publicity experts, or these powerful interests which, be-

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cause of their economic power as advertisers and contributors to persons and institutions could create largely the political and cultural leaders of the nation and do, through the sheer might of economic force, use these educational institutions or leaders to make people think and feel as it suits their interests. The facts are that of such common knowledge, and have been exposed so many times and in so many connections, that it seems superfluous to support the foregoing generalizations with detailed examples. The consideration then that people by the million are being made to think, feel, and vote as powerful economic interests desire, through the use of the characters, minds, and forming techniques of important institutions, constitutes one of the best refutations of liberal premises and one of the strongest arguments for fascism.

Liberalism talks freedom of the press, the pulpit, the stage, and, in fact, all the institutions which educate people and form social attitudes. But liberalism cannot make such freedom a reality in a world of present-day complexities of economic organization and of present-day inequalities of economic power. Fascism does not talk in preposterous terms of a freedom which is non-existent and impossible to maintain, but rather in terms of a social discipline which it is possible for the State to impose in the name of a given ideal of national interest. So far as freedom is concerned (if that term in the abstract and by itself can ever have much meaning) it may be said that the people as a whole have most freedom where they have most opportunities to do what they like and where they most like to do the things they have opportunities to do. Liberal freedom in practice today means, among other things, freedom for powerful economic interests to manipulate public opinion and the social attitudes of the masses, to suit selfish private or corporate ends. It cannot be shown that a large measure of freedom in such manipulation gives the people as a whole more freedom than a drastic State discipline of it in the public interest would afford.

Stated somewhat differently, the question really is: Who shall

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manipulate the opinions, feelings, and attitudes of the masses?—for man paid they must and will be in a civilization as complex and highly organized as ours. Is it preferable to have mass opinions, feelings, and social attitudes manipulated by private interests for personal or minority group ends, or to have mass opinions guided by a national State in the pursuit of some idealized part of social well-being and order? In this connection, the case against the manipulation of mass opinions and social attitudes by private or corporate interests has no concern with or responsibility for public order. To ask freedom to use economic power to manipulate mass opinions and emotions, but decline all responsibility for the social consequences. The State or those in charge of government can never act with such irresponsibility, for after all it is those in charge of government—not those in charge of corporations—who, in a crisis, must deal with the hungry and unemployed mob and must ensure that the trains run and the banks reopen.

Liberal theory may be said to regard the great social institutions through which the characters, minds, and attitudes of the people are formed somewhat as one might have regarded the village well in a 17th century English hamlet. The well was free for every one, who could take from it as much water as he wanted. It was run by no one, and had no social purpose. It was a social institution which was just used by every one as he saw fit, and which was never, as a practical matter, subject to serious misuse or abuse by any one. For one thing, water in England was abundant. For another, people in 17th century England used comparatively little water, and had no reason to misuse the well. Any selfish person who might have thought of establishing a monopoly over the well would have been dealt with adequately by the town constables—if not by a few strong-armed villagers.

Up to about the middle of the 19th century the press and the platform, like the village well, were, more or less, institutions available for the free and equal use of those competent to use

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them. When rich men patronized the arts and letters, the masses were content to be ruled. The masses were not the State religion was long on a throne. The masses were not the State religion was long on a throne. The masses were not the State religion was long on a throne.

The middle 19th century utopians, socialists, and communists were much more to the public mind as the extreme conservatives. For the small class of "liberal" persons to whom such ideas were accessible there was considerable freedom both in speech and in action. Capitalists had not yet begun to use mass propaganda. In England they controlled Parliament through the rotten boroughs, in which a handful of personal connections or friends of the lord of the manor would elect him or her designate. With the reform of the rotten boroughs in England toward the middle of the 19th century, with the enlargement of the franchise, and with the growth of population in the United States from the time of Andrew Jackson on, the powerful economic interests began to find it necessary to buy political control more and more through the instrumentalities of these institutions now under discussion, namely, those which educate with definite social purposes.

Up to the middle of the 19th century the masses had not acquired enough economic importance or buying power to make it worth while for capitalists to buy up control of the colleges, newspapers, and intellectual leaders as instruments of mass control, business promotion, and property protection. Up to the beginning of the era of nearly universal literacy and suffrage, the consumers of intellectual products were a culturally discriminating, and strongly opinionated elite. They were persons of high personal cultivation and well-grounded taste. Of the intellectual elite of the 17th and 18th centuries the arts of modern advertising and propaganda would have been utterly wasted. The 18th century Americans who read the heavy political literature of that period, such as was produced by the

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Adams, Jefferson, Monroe, Hamilton, and Franklin, would have scorned a no market for the arts of the contributors to the popular press of our day.

The Americans of the 18th century were doubtless wrong in their opinion of the masses of our day, as the Americans of today are of the 18th century. The Americans of today were able to expound and defend their opinions. Whereas the masses who get their opinions from subsidized institutions of the present time can only report them parrot-like in the terms in which they are being advertised and propagandized. They have planted such ideas in their minds. Most of the liberal assumptions about freedom of speech and the press presuppose that the written and spoken word is addressed mainly to an elite which maintains high standards of critical judgment.

Modern democracy and mass purchasing power, really, are more to be blamed for the creation of a selfish interest in the control and use of the institutions which can be made to educate with any desired purposes. The modern lobby is the creature of liberal democracy. It pays to advertise. It pays to educate the public to your purposes. Because it pays to educate the public to suit anti-social purposes, the liberal assumptions are fallacious and in this respect the fascist principles are inevitable. The more money you can make, the more you can control public education. Fascism does not seek to end the control of might, but it does aim at ending the control of irresponsible might such as is so often exercised under liberal capitalism.

Under a desirable form of fascism for Americans, national interest should not require the same drastic measures of suppression and assimilation of institutions as have been taken in Germany in connection with the church, the press, the theatre, the moving picture and the radio. A careful observance of the essential principle for public order simply means in this connection that all institutions which educate with a social purpose must be careful to avoid educating people to be bad citizens and must cooperate with the State in its attempts to fit people for good citizenship. There are a great many differences of opinion, taste, and personal behavior consistent with satis-

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factory observance of the principle just stated. Different people can have different ways to suit their different types of personal and different personal aptitudes. Different people can also be educated to be good citizens in different ways, or through playing different rôles.

It is no difficult matter to pick out a hundred lessons in citizenship which are being given currently by our books, the press, movies, radio, or schools. What is needed in this respect is less talk about an abstract freedom, which is essentially anarchy if really applied, and more effort to develop a rational technique of control through purposive education with a view to making such education serve the ends of social welfare and order. Such effort must not be restricted to the field of child training but must be exercised in the entire field of purposive education of adults. Every social institution which is used to educate people with definite social purposes must be made to cooperate with the national plan. There must be no anti-social formation of character, mind, or group attitudes by any institution if it can be prevented. The rest of this chapter is devoted to a discussion of the problem of educational control, with reference especially to the school, which is a recognized educator with a social purpose. Most of what is said here in connection with the school (the reprinted article referred to above) will be found to apply equally to all institutions which are used to educate with definite social purposes.

To say that the school should be used to influence positive attitudes favoring one or another type of social living seems to me merely the making of the trite observation that the school ought to do what it has always done and what it cannot be doing. The school cannot help imparting knowledge of social facts or ideas. That, of course, is its special business. But it is also one of the daily performances of every human institution. It is not the peculiar feature of the school that it educates. Its most distinctive peculiarity is that it educates with consciously conceived and willed purposes. Those purposes are more or less to serve the supposed interests of the prevailing social order. In reality, certain interests conceived and willed by the dominant

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classes. It is one of the peculiar delusions that the school is the chief educator of the community. All human institutions are educators. The school, however, unlike the market place, for instance, educates with avowed purposes.

An academically popular superstition about the school is the notion that social facts or ideas are objects which the school can dispense like cigarettes wrapped in cellophane. Facts and ideas are not objects. They are personal experiences. Social facts or ideas are not things existing outside and independently of the knowing, understanding, or judging person. To whatever extent the school teaches social facts, the school causes persons to undergo certain peculiar personal experiences which involve the processes of the reason and the emotions, or processes which take place in the totality as well as the parts. Ideas about patriotism, religion, sex, and art are apprehended mainly in the sub-rational areas. One of the conditions precedent to the occurrence of the learning, knowing, thinking, or judging experiences is the continuous maintenance of a set of attitudes towards the prevailing type of social living and towards any other social scheme actually operative somewhere in the world or merely imagined. Should such other scheme or schemes contradict the given experience of the person.

To suppose a person knowing a social fact independently of an attitude towards the social scheme in which he lives, and towards other social schemes which may affect his thinking and feeling is as senseless as it would be to talk of weighing an object which was assumed to be floating through space absolutely and hence, unknown distance from any planet. What gives sense to a personal experience (rational, intellectual or emotional as you will) with a social fact or idea, is the relation or attitude of the person to his own and other social planets. We must reckon with the attraction or repulsion and the repulsion of the social system operating on the individual in order to teach him a social fact.

In the processes of education or knowledge and thought we can do things only with persons equipped with attitudes towards the social scheme. Every educational experience affects

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such attitudes and is affected by them, just as the movement of every object on the planet affects the earth's gravity and is affected by it. A person not equipped with and using, every moment of his conscious life, and particularly in respect to every intellectual experience, a set of attitudes towards the social scheme, is a hopeless idiot. He is not the mythical student with the objective mind.

"The school is expressly charged with the function of contributing to the formation of attitudes as a part of the process of causing persons to undergo the experiences of learning, thinking, and acting. As the school specialist is normally a hired man and an instrument of government of those who exercise a directive influence over government in the broadest sense of the term, the school normally aims to create right attitudes towards the prevailing social order.

"Right, of course, is always a relative. A right attitude is the attitude which suits the purposes of the conceptual scheme of some person or the purpose of causing some given course of events to happen. There are, naturally, as many right attitudes or as many rights as there are conceptual schemes or courses of events, the realization of which would constitute a purpose to be served. Where such purposes conflict, whatever serves the realization of one's own preferred scheme is one's own standard of right. Civilization or social order is a matter of having a large group of people accept the same scheme or right as a practical matter, any realizable scheme of interests or purposes of an individual, however selfish or reprehensible the person or the purposes may be considered, has to be a scheme which integrates the person in a social pattern.

"Therefore, all rational or realizable personal schemes are social or collectivistic. They cannot have the qualities of specious individualism which are found in the contradictory hypotheses of certain confused minds. The so-called manly desert-like situation is never a reality. Most of the talk about individualism versus collectivism going the rounds today is a sheer confusion of terms, ideas, and issues. A workable individualism, for instance, is *ex-hypothesis* and according to Ayn

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Smith, a collectivism of freedom of contract. If it breaks down, it breaks down because its collectivistic characteristics fail, or, specifically, because the motives and mechanisms of the free market in their operation no longer secure the collectivistic result of an efficient and social cooperation of the factors of production.

"Why these motives and mechanisms so fail, or why capitalism fails in its collectivism, is another story. For the evolution you can try Marx, J. A. Hobson, Spengler, or Freud. The first purpose of any social scheme is to work. Whatever makes it work is right for it. If it works well, as a system, it must involve the cooperation of a lot of people, for whom it must work well enough to secure their cooperation. People may cooperate with the social scheme by fleeing or being forced, by sending their first born to Groton or throwing him into the Ganges.

"The right attitudes which the school is supposed to inculcate are those which suit the purposes of the system, or make it work. If the social order is destroying itself, or, to be more accurate, if it is being destroyed by agencies and forces which are integral parts of its organic life, it will naturally follow that the well-run school will serve those purposes.

"It may be objected that this is not a rational purpose of anyone or anything. But why not? In the life cycle of a human being, processes initiate in his being begin destroying him as soon as he reaches maturity and achieve their work forty to a hundred years later. These processes are constantly killing Platonian Eudemons, and breeding luxes and Dangers. It is not one of the purposes of the course of events we may call life to make one person or one civilization live forever. The school will be an instrument in the processes of culture degeneration as in the processes of culture generation. The idea that the right sort of education will preserve a civilization from decay is as absurd as the notion that the right sort of medicine or science will keep people from ever dying.

"In a dying civilization the school will naturally be the tool of the decadent elite and the vigorous barbarians of the new

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order, also of the elite (the cuts over any length of time always barbarians), capture the state and the government.

"If a real statesman moved to change his civilization he may seek spiritual leadership or political power, or both. In the first case, he may go into the wilderness and eat locusts and wild honey. In the other case, he may nick the crown of France out of the gutter with the point of his sword. In neither case is the drama of his passion for power over men be played in the role of an instrument of the order he abhors or despises.

"In government or politics, ultimately you either buy or shoot your way or both. The cross, the crescent, the hammer and sickle, and the swastika, alike, have shot their way to power. The social revolutionist usually cannot buy his way; often he or his disciple can shoot his way. The school man cannot. He follows those who can and do buy or shoot their way.

"There have been civilizations in which men at times correlated successfully the functions of school, teaching, political command, and spiritual leadership. Medieval Christianity, with its embracing spiritual synthesis, furnishes an example. Modern capitalism, by carrying to absurd extremes the principles of division of labor or specialization, separation instead of coordination of powers, and atomic fractionalization instead of purposive synthesis of social factors, has rendered this correlation of the governing functions of the priest, the teacher, the soldier, and the administrator quite impossible. Hence, political government tends to be the work of specialists whose type pattern is the Tammany politician; economic government tends to be the work of specialists whose type pattern is a man of the Mitchell or Insull sort; while teaching tends to be the work of specialists whose type pattern is a frustrated old maid.

"It is, of course, possible for the superman to pass from the school to the White House, just as a Persian in the seventh century passed from stable boy to king. The point, however, is that the school, under modern capitalism, cannot be integrated with the highest mechanisms or personalities of government and social control. Exceptionally, a prophet or spiritual leader

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at war with the existing order, instead of serving as its docile instrument of mass conditioning for three square meals a day, will catalyze the functions of minor prophecy and petty pettiness. If he continues to do so, it is because his influence is too negligible to warrant his dismissal. Ultimately, the amateur prophet, even of a very minor prophet, will require some substantial tribute to his effectiveness, such as a sensational disaster can afford. Minor prophets must either be crucified or crowned (king of kings and lord of lords) or both, for only such supreme tributes can satisfy the ego of a man big enough to impose his idea on his fellow men.

"The social idea of the prevailing system should be made exact by the school. A contrary ideal should not be given a chance of success with any significant number of students. The educational theory that a scale of views and situations should be presented to the student in the hope that attitudes requisite for orderly social living under the given scheme will develop by the processes of individual selection is wholly fallacious. Either the theory is a misrepresentation of what is actually undertaken and accomplished in the educational enterprise, or else the theory is a statement of what has never been practised and what, if tried out, would result immediately in social anarchy. It is hard enough to preserve sanity in the machine age. The difficulties ought not to be aggravated by gratuitous misrepresentations of the educational process.

Keeping sane requires that we recognize as the chief end of social agencies, including the school, the maintenance and enrichment of the social order, not the production of individuals as isolated entities, or disembodied personalities endowed with the faculty of living in or out of the social scheme as they may choose. The chief function of purposive education has to do with catching human beings in their formative years and integrating them into the social scheme as far as that can be done in youth. The end of this integration is a social order, not the formation of a lot of personal entities supposedly free either to fit themselves into society or not, mainly as the preference of each may incline him. As Hobbes taught, life is the war of a l

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session of the force factors is with the well-fed Foxes and the
birds don't fight. Today fighting has to be done by the
Decisive conflict is between those who can command soldiers
—not mere voters or trade union members.

"A kind humane civilization should realize the following
two conditions. First, it must suit my purposes as a person, or
must give me a suitable function as an individual. Every indi-
vidual must be the center of his ethical or social scheme. For
an individual there can be no validity to a social scheme in
which he has no place. Whether the scheme suits him or
whether he suits the scheme depends mainly on who he is and
what social conditioning has made him. Let not this part
of the individual be the center of his own ethical system
called individualism. It is the purest collectivism. Any collec-
tivism must successfully integrate a considerable number of indi-
viduals, for each of whom the collectivism centers around
himself and his role. This merely means that the social scheme
fits the individual and the individual fits the scheme. The point
is that if the scheme works, those in charge of the social scheme
will purposeful, direct most of the fitting, and some of the
most useful fitters will be the schoolman and the priest. God,
right, truth, and beauty are personal experiences.

To be successfully adjusted, an individual does not have to
have two ears or even a full stomach. He merely needs a part
to place or, to belong. The social system may fit me and I may
fit it, I being a barefooted, persistent pilgrim, a missionary to the
lonely, or a plumed knight in shining armor. People can
suffer. On the contrary, some of them love to suffer. Some
of them love to suffer, and all of them love to suffer some of the
What people cannot endure is not belonging. The tragedy
of the modern world is not that people are not adjusted to the
material world, but in the spiritual dimension. Huge numbers of people from the group culture have
been made of his people across, and, yet, if he is
in a community with a community, they will
be. They were while receiving generous doses of
the warm bath gave them no such spiritual integration with the

contradiction

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In so far as the school is a force for spiritual integration
it is mightier than the dog.

A second set of requisites of a humane civilization is that
the dominant elite should know what they want, that they
should give the people what they think best for the people,
and that they should make the people both like and fit the
scheme. The elite always determine what the masses get. No-
where is this more apparent than in present day Communist
Russia, which enjoys an oversimplified dictatorship of the
proletariat (and of everybody else in Russia) by certain of the
elite. The elite leaders are a permanent power-holding or
overseeing class. When one set of the elite kicks out an-
other, it is merely the old story of "The King is dead. Long
live the King." The average man goes on doing as he is told
makes little difference to him whether his superior goes to
the dining private yachts for capricious or an air fleet for the
Soviet Commissars. Whatever the elite impose on the people,
they should use good educational technique to make the peo-
ple like. Whatever the elite demand of the people, they should
use good educational technique to enable the people to do.
This is the work of purposive education. Conditioning a
people to like what they have and to do their part is a simple
exercise in educational technique. The real difficulty arises not
out of the inadequacy of educational technique but out of the
use of the elite to have unity in emotional responses or in-
tellectual clarity as to ultimate values and objectives. In these
matters the instrumental or purposive education of the school
is of minor importance. The struggle for existence must edu-
cate and unify men's hearts and clarify their minds in ways to
produce a dominant or efficient group of the elite.

"In so far as the school does a good job for the masters, who
are never the schoolmasters, the school population will be in
the rear guard of social revolution. The elite of the struggle
for existence, however, sometimes gets at the child at point-
blank, as it has done in most European countries which have
not so effectively insulated their youth against the currents of
social ideas, as the country club atmosphere of our colleges, or

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the kindergarten atmosphere of our lower schools, have done for our youth. In America today, the important social education is going on in slum towns, the bread line, the code conferences, mortgage foreclosure sales, and the relief committees. The social teaching of the schools, particularly in economics, civics, and law, is largely out of date, contrary to experience, irrelevant, and trivial. So are most of the teachers. The American schools have no teachers of the social importance of education like the late Huey Long and Father Coughlin. The pupils of the larger "high" schools die for what they are being taught. The school pupils may viciously fight on the playing fields for dear old "Swash", but he won't fight for what Swash professors are teaching. The founders of Swash had a fighting faith, but the craven pensioners of Swash deem it bad form to have a conviction.

"There is an irony and a moral in the social insignificance of the American school in the present crisis. No school has ever been more popular, praised, petted, or pampered with money. It has been the kept darling of the plutocracy and the declared plaything of the masses. In the main, neither group has numbered many devotees of any scheme of civilized values. Serious interest in the school has centered around getting technical preparation, or useful connections for money-making, or else around getting a job in the schools. For the masses, the school is a necessary process to enable them to read signs and advertisements. For the more favored the school has been a playground.

The moral is obvious. The school realizes its highest possibilities only as the instrument of a dominant elite who not only have cultural values but who also are prepared to express them in the manifold enterprises of social control, which include fighting and governing as well as teaching.

The American school will come into its own when it becomes alive with the spirit of men of strong convictions and iron wills to achieve. The school will be an instrument of a high culture when it recognizes fulfillment, achievement, and deeds to be the test of truth, right, and beauty, not normative

Did they - administer a selection when studying in the gym.

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verbalisms, the precise meaning and correct application of which men can and will go on disagreeing about to the end of time. In short, the school can only attain its highest dignity or fulfill its noblest destiny as an integrated part of the creative machinery of a civilization."

CHAPTER XVIII

THE INEVITABILITY OF THE LEADERSHIP OF THE ELITE

EVERY social order is essentially a phenomenon of leadership. For leadership is one of the most important or significant things about it. As a scheme of purposes, a social order is the only expression of the composite will of a dominant class and, as a basis of action, it is largely the result of the execution, management, direction, social planning, and control exercised by members of a minority. It seems useful to give this minority of more than average influence and power a name. That name will be the "elite." This term or classification is not like one of the terms, or which every one can be submitted to a referendum. It is, however, important whether a few millions of useful cases are classified on one or the other side of the meaning, for our purposes, the elite from the rest of the population.

The elite may be defined roughly and arbitrarily as including capitalists deriving most of their income from property, business enterprisers and farmers, the professional classes, and, generally, the employed whose salaries are considerably above the average, or, say, above \$3000 a year for the entire country.

Of course thousands within the classes just named are ignorant and foolish or apparently without any real influence or power. But one cannot find a meter to measure the influence and power of every individual. And one cannot go far wrong in working on the assumption that all those in the above mentioned classes, or say roughly one-third of the gainful employed or over fifteen million persons (not counting their dependents) are properly classifiable as exercising individual and in various group aggregates, vastly more power and influence than the rest of the population. Any advertising man or

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organizer of anything for almost any purpose will readily appreciate why he can accomplish more with a given number of men drawn at random from the third of the population than an equal number similarly drawn from the rest of the population.

The term elite as used in this connection does not express a value judgment on those so classified, but merely an attempt at social classification. The term is applied equally to those who are potential, influential and powerful, and those who are actually influential and powerful. It is also applied equally to those who are influential and powerful in actual and legal ways. It is the fact that persons are influential and powerful, not how they use the influence and power, that classifies them as the elite. A Karl Marx, living in penury on a meager dole from the funds of relatives and friends, and spending his time reading in the British Museum Library, or writing books which most people at the time would have seemed incomprehensible or foolish, is, obviously, a more powerful and influential figure than most statesmen in office or captains of industry. And a Jesse James or a Dillinger undoubtedly exercises a more powerful influence over the minds and behavior of hundreds of thousands of unfortunate youths than the average school teacher whose influence touches far fewer youths and whose influence over those it touches is far less potent than the influence of the example of a Jesse James or a Dillinger over those susceptible to such influence.

It will doubtless shock some tender minds to have a worthy school teacher classed as less influential and powerful than a Jesse James and a Dillinger. But it is absolutely essential to useful social thinking to face facts, and to recognize power and influence wherever they are found to be exercised. A bad example which is made dramatic and notorious can be more powerful and influential than a good example which lacks the qualities that make it emblematic. And a man whose life is branded as a personal failure may, by his example or teaching, make a mighty contribution to the disintegration or destruction of the existing order. The term elite, as here used, does not

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refer then, merely to the ins at the top, or only to the people
judged good by any standards. It refers to the influential and
powerful, and includes also the outs who are potentially, if not
actually, as influential and powerful as the ins at the top.

refer then, merely to the ins at the top, or only to the people judged good by any standards. It refers to the influential and powerful, and includes also the outs who are potent also, if not actual, as influential and powerful as the ins at the top.

The mislead of soft thinking about leadership and the line of power is that it causes so many people to disregard the influence of the an-social or mynal of influence, such as the racketeers or the brains of a criminal gang, as well as the influence of miscontents and maladjusted persons who sow the seeds of social disintegration and revolution. The power of the misadjusted social sort of revolutionary, of course, is more significant than that of the common law breaker, however thrilling the evolution of the latter. The exercise of this power by social revolutionaries is most effective when it takes the form of planting a stick here and a bundle of molasses, often more in the subconscious than in the conscious minds, the combustible of later use. At some later date, a more celebrated person may touch the spark setting off a revolutionary conflagration. Again, the power of the elite who are maladjusted is more in the enemies of the existing order may take the form of spreading a corrosive doubt or cynicism as to the essential values of that order.

A wise social philosophy, such as that of fascism, strives to make a place for all the members of the élite. If they cannot, this is eliminated as instruments of destruction of the new order, then other methods for their elimination are followed. The objective of the humane and pragmatic State in its policy with respect to the enemies of the existing order is prevention, and not primarily punishment, and it is understood that punishment is an inefficient means of prevention. Fascism, unlike liberalism, does not diminish the punishment of crime in the sporting events of chaos, capturing and trying the culprits, on which a commerce in press, legal profession and morality can make huge profits. Those who cannot be made safe for the community as cooperative members must be made harmless by efficient methods which do not allow repetition of the offence or encourage imitation by others.

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Criminals of the elite must not be made centers of sensation, police and trial dramas, the principal consequence of which is predisposing rheumatism of sub-normal or abnormal persons to crime. These cases must be handled by a system entirely different from the features of administrative law and practice in the criminal law. A large number of the criminal elite are the revolutionary elite can be made safe for society by the same expedient of making proper pieces for them before they come to crime or for a revolution. Most of the criminals who are morally or physically deficient could be made safe if they were given a proper psychiatric examination in childhood as moral or mental deviates and thereafter institutionalized as long as necessary, when a major crisis would be for the necessary when it no longer is, as does fascism, that of a large

necessary when a man even would be for the
where are will not recognize as does fascism, that if a large
number of the do not find a justness to the social order
and if in one way or another, they become enemies of the
order, it is mainly by the fault of the bourgeoisie. The social
order is not responsible for its proper places and places
to proper men, as far as such fitting places can be found
which allow to a man to work, means to make and keep
means of his life, as keep men like Karl Marx or Lenin
in a useful function because in their youth they displayed
some innate qualities of personality, it is only used to frame
some of the featured qualities successful, it is made down,
to a word which a man's success and riches for members of
the having certain skills is not a matter of a present type of
corrupt world in money-making, and leaves too many
or members of the, not gifted for this type of work
are largely out of it. It is only as long as the state holds
the advantages of numbers, money, and industry power.

[illegible]

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been more lucky than the out-élite. The right and wrong of any social order after all is only a matter of how it suits the dominant section of the élite to have the game played. And who the dominant élite shall be can never be permanently determined by law, but must always be determined by force. Factors, the ultimate play of which, as in war, takes place outside the bounds of law.

The most humane social philosophy is that which recognizes that the rules of the game must, ultimately, allow enough of the élite to play successfully to keep the losers from changing the rules. In other words, to be quite blunt about it, a élite will keep the world from going back to a pattern of order similar to that which prevailed all over Europe for hundred years, and which prevails today in large parts of Asia, will be such changes in the rules of the game as will keep enough of the now frustrated élite satisfied. The scheme of social organization can and should be changed from time to time in ways, never to be foreseen far in advance, to keep any considerable or dangerous number of the élite from being on the outside.

What is needed is a social philosophy of realism which recognizes that there can be no right for the élite of today based on legal theories agreeable to the dominant élite of yesterday but intolerable to too many of today's élite. The legal right of today is always the practical right of the élite of yesterday. The legal right of today as a practical matter, however, always requires the support or acquiescence of the might of the élite of today. The right of some of the élite to hold wealth and exercise power while too many more of the equally élite are denied these honors and while they see no chance of attaining them is sure to be changed sooner or later by the over-nurtured members of the élite.

As far from the final test of force in the eventual clash of interests in armed conflict, the standards are purely relative. Just how many are too many élite to remain frustrated with society for the existing order, it is always impossible to say in advance of the final clash. One can never tell with what exact

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degree of strain a complex structure like a skyscraper or a great bridge will collapse. One can only fix arbitrarily a danger point beyond which one can say there are serious probabilities of collapse which will increase as the strain increases. The best danger point today is the growing number of the frustrated élite. It is this danger signal which should dictate to the élite the necessity of changes in the rules of the game. Unfortunately, however, many of the élite look to the Constitution and a host of liberal principles guaranteeing the rights of property as the absolute safeguards of their privilege against anyone who would hefall the out-élite, and however numerous these "safeguards" become.

To say that the élite rule, or are socially inefficient, when the term élite is defined to mean such persons so early a piece of tautology. But to say that it is always a small minority of powerful persons (who may be called the élite) who rule directly or with the legal sanction of social control, and that this is a small minority of others, also that in whom are profound inefficiencies, on social as well as physical grounds, is a statement which may be true. It is a statement which the law does not make. It is a statement which is only a social philosophy from that of "liberal" liberalism says: "Let the people rule," and defines a élite as there is as that of the majority, in this sense or regarding many other as an important fact by the simple process of definition and assumption.

Communism says, "Let the dictatorship of the proletariat rule," and asserts categorically that a dictatorship of a small élite of the higher-ups of the communist party is a dictatorship of the proletariat, an assertion which is false for the same reason. The assertion of rule by the people or the majority, however, that the élite, or a small minority, can exercise power for any term will always rule under any system. And this is the formula of national interest and national power. Under which a power is exercised with respect to a nation state for the sake of a consequence of its exercise and a national plan or national plan.

The central point is that it is useful to think of governments

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and management as being the function of a minority, and that it is not useful to any good social purpose to proceed on the theory that the people or the majority rule. It seems idle to speculate as to the nature of a social order in which it would make sense to say that the people ruled. Such a scheme of things would probably have to approximate the conditions obtainable in the small Greek city State, in which there were slaves to do the drudgery, an extremely simple scheme of economic production, and a small group of citizens who could have the time, taste, and requisite personal cultivation for the complexities of public administration. Such a scheme of social organization is clearly unattainable within the framework of most of the basic features of the present system—features of mass production and division of labor, for instance. The best proof that it is idle to discuss ideal conditions for liberal democracy is to be found in the fact that the trend of all that has been called progress under liberal capitalism during the past fifty years has been unfavorable to the working out of the theory of liberal democracy.

Discussing the questions of who run things, why and how they run things, and how they ought to run things, is almost wholly a matter of using concepts and terms. The same realities seem different as one reduces them to different concepts or refines them differently. The liberal theory can be made to seem reasonable and ethically beautiful by a few simple tricks of supposition and definition. One has only to reason that because the majority has the potential right to transfer, without violence, power from one minority to another, or as liberals would put it, to delegate power to different representatives of the people, the majority rules. To reason thus, however, is merely to make the ruling class mean by definition that which we call, if it is not about doing a given thing, can do that. In contrast any opposition. Obviously, an over-idealistic theory meets this condition, and any sort of a majority

But the definition, or the underlying concept, is not itself an instrument of thought for many good reasons. The

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minority supposed to be agreed as to instituting any important social change is extremely rare, if ever it can be said to occur. And a majority rarely remains long agreed on any important enterprise except war. Social changes usually are wrought without majority knowledge or support, of necessity. But even when social changes seem to have majority support for their inauguration, it is always a minority which is responsible for first turning majority support into direct action.

The majority is purely a thing of assumption or definition on the occasion of some event, like an election, a State plebiscite, a referendum vote on prohibition, or popular acclaim of a declaration of war. Majorities, on the other hand, are not just things of definition. They are active factors which, twenty-four hours of each day, are on the job of getting what they want. At the moment you can do things with majorities. Without minority support, you cannot get a majority action in the field. The minority is as real as an army in the field. The majority is only as a definition of those who do some specific thing under minority pressure and direction.

For instance, for the advancement of the fascist case for re-sponsibility by the élite according to some very rough scheme of national interest, less argument is required in 1935 than would have been necessary in 1914. We have not time to enter into the demolition, point by point, of the liberal case for majority rule. Current events make it seem superfluous. We can only add briefly in this chapter to two important groups of facts and considerations which invalid the liberal case for majority rule so far as the question of who runs things is concerned. The first of these groups of facts may be said to have to do with the limitations and inequalities inherent in human nature. The second may be said to have to do with the limitations of administration and management of large groups of people and the complex nature of modern society.

Now, as for the limitations and inequalities inherent in human nature itself, it may be said that the liberal case for majority rule is based on scientific observation, experimentation, and measurement, in the fields of psychology, physiology, and

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and many other related areas of specialized study of human beings as physical organisms and behaving subjects, has been, and continues to be, in the direction of establishing rapport and reducing inequalities in intellectual capacity, aptitudes and character, of different members of any large group. Contrary to one of the major theses of 19th century rationalism, namely that any educational optimism, these inequalities are being increased, rather than lessened as a result of more widely distributed educational advantages.

Thus, in the free public schools of great cities it has been found that the small percentage of gifted children among those enjoying equal public school advantages remains more or less constant and that over ninety per cent of the exceptionally gifted children come from the homes of the more privileged classes or the classes which we are calling the élite. Putting generations of children through the same educational routine change the distribution of gifted, average and underprivileged children among the privileged and underprivileged class. Thus, one of the most cherished ideals of 19th century mass education has failed of realization. Education accentuates rather than levels our inequalities of natural endowment. Intelligence tests made of the same persons before, during, and a second of after the four-year college course or a seven- or eight-year combined college and professional course, show that the differences between different persons increase rather than diminish after undergoing the same course of training.

There is great social significance in the fact that the first eleven social endowments, who, as a matter of course, become the elite of power and influence actual or potential, comprise a constant percentage of the total population. From this fact it follows that no social system can long survive, once it is completely classless more and more of the elite in other words the elite are more vital or resistant to suppression than any social system. Class systems come and go, but the elite go on forever. This will return in another connection in the discussion of the next chapter.

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There is nothing really depressing about these facts concerning the Klan. Nor is there to be deduced from these facts any good argument against more and deeper education for every-
one. These facts, however, do indicate a revision of liberal ideas of education and social policy. They indicate the social con-
sequences of non-liberal values. From the purely humane point
of view, it is suggested that the chief object of education, as well
as one of the duties of group values, should be that of making
each person realize his full potentialities and provide a good
channel within the role for which he will be best fitted by
nature of natural endowment and with the aid of the best
training. It is not to make all men equal, or to enable every-
body to follow a more highly remunerated calling than that of
his neighbor.

Liberal education may protest, but in vain that its chief ob-
ject has always been to fit people for the life of the mind and
for which they are trained, not for the sake of the things ex-
ternally to them education, and the influence of the "liberal
education" have caused the vast majority of
people in the "better countries" to sink of old to a more
material to qualify every one to make more money. Hence we
find our vast waste of labor, learning to operation with the
wages for such training that we find no return in the training
we want and require the best interests of the community.

[illegible]

From the inescapable fact of the inequalities of human en-

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dowment, it also follows that any well-ordered society must train and condition its elite under an efficient and hard discipline of national interest. Fascist theory, by recognizing personal inequalities and their full social implications, can be much more humane than a liberalism which assumes that all men are born equal and which, in practice, efforts to those born with superior endowment, or favored with better luck than the majority, virtualy unhampered opportunities to acquire and use power with irresponsibility for social consequences and in ways further to increase social inequalities.

The other important group of facts which invalidate the liberal theory of rule by the people, or the majority, and which indicate fascism, are found in the sheer mechanics of administration or management, political and economic. If one thinks in terms of the mechanics of running things, and not merely in terms of the hypothesis that, if the people were angry enough against their government, they could change it, the logic is violent, one soon realizes that the machinery of political and economic, inevitably must be run by a minority of technicians whose functions are mainly those of managing and choosing. The orthodox liberal would admit that the people cannot manage, management being a function which must be delegated to specialists in management. But he would insist that the people can choose the objectives of management and that, therefore, in their exercise of choice, they may be said to rule or govern.

It is precisely in the matter of making choices or decisions, however, that the liberal theory is so untrue to the reality. For one thing, they who manage, also, by reason of the very mechanics of power and management, make most of the choices and decisions which liberalism, by definition, impels to the majority of the people. A majority vote at the polls or in a legislative assembly is, in the largest number of cases, nothing more or less than the product of a minority interest managing the majority vote.

Furthermore, there is the fact that the real important or crucial choices or decisions are seldom made by a

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majority vote, even formally, or by a majority of selections in the so-called free market. Wars and depressions, for instance, are really important events. In so far as the cumulative choices or decisions which hasten or precipitate either event are concerned it cannot be said that they often express the wishes or desires of a majority of the people. The American people could choose in 1916 between President Wilson and Judge Hughes, as events and the since-discovered correspondence and secrets of Mr. Wilson abundantly reveal the American people could not vote in the elections of 1916 to keep us out of war, a result that unfortunately was due to wish.

There was no candidate in 1916 with a chance of getting a majority vote who was committed to an effective policy of Americanization. Similarly, if we may so say, at the time the people were repeatedly warned of severe depressions, they have no means of preventing a system, of giving a mandate to the political and economic system, of doing the things which would help to prevent or minimize depressions.

The chief reason, therefore, why the American people cannot get an effective mandate to their political and economic rulers to do what may be necessary to keep the nation out of war or to minimize depressions is that the system does not allow the real power to the people's executives to exercise the required mechanisms of control. It is as though a national legislature were to vote a declaration of war while the Congress forbade the management of military operations, and while the courts exercised the right to enjoin and restrain the military authorities under circumstances in which they require the powers and wide discretion.

Briefly, in reality the people can choose or will only such results as their public agents are empowered and permitted to bring about. When the people choose Theodore Roosevelt or Woodrow Wilson instead of Charles Evans Hughes they are not registering any significant choice of important social results, the keeping of the country out of war. The more power and the more efficient and a laudable power,

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mentalities the people allow their public agents, the more nearly correct it is to say that the people rule through their agents.

A powerful State guided by a capable élite loyal to some scheme of national interest is far more expressive of the popular will than a weak liberal State, because the powerful State can do more than the weak State to shape social events of importance, and also chiefly because the powerful State can make the people genuinely like or assent to what it does. Under the weak State all sorts of things (like our entry into the war) happen against everyone's original wish, many things which every one wishes fail to happen; and the weak State succeeds in making the people enthusiastically endorse its army restrictions only when at war.

A further explanation why a majority vote (expressing the desire of the people for some important given result, and winning a mandate to that effect to those elected) is so often meaningless is that there is no satisfactory means of proving reality of cause and effect in political or economic administration. It is asserted here, as the sincere belief of the author, that President Wilson and the international bankers were chiefly responsible for the initiatives or decisions which contributed most to getting us into the World War. It is also asserted here that the leaders in government and big business were mainly responsible for the initiatives which contributed most to the inflationary boom of 1927-1929.

But none of these assertions can be scientifically proved in certainities. It is just never possible to prove in politics or economics, where important policies and events are in question, that a plus b equals c . Liberal theory assumes that it can be proved that a plus b equals c in governmental or business management, and that, according to, if a government or business management does a plus b , with the result that c happens, the people will find certain parties in government or the business responsible for having done a plus b things. As everyone should know, the liberal statesmen and the bankers answer

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have an alibi for every political and economic crime which is accounted by them.

To them, then, it may be said that the élite do rule, as liberal theory does not recognize, that they, and not the majority of people, make most of the important choices; that the élite are not subject to rational control by a cause-effect process of reasoning, and that the élite are not subject to popular control or the halting or the enforcement of the Constitution in the way liberal theory supposes possible. All this, however, does not amount to saying by any means, that the élite are subject to no control by the people, or that the rule of the élite under any modern social order is wholly capricious and irresponsible. If, as so often happens, the majority agrees that one set of the élite in power must give place to another, and the majority can usually organize and lead by the numbers, it is undeniable that the majority can replace one set of the élite in power by another. In this way the majority can be said to determine a change in rule.

It is, however, equally self-evident from history and clear thinking that one set of the élite which happens to be out of power can organize and lead a successful overturn in which they will replace the élite who are in power—all without having the majority of the people with them. This is precisely what happened in the communist seizure of power in Russia in 1917 in elections held under the most liberal government Russia has ever had, the communists got less than one half of the total number of votes cast, but a few weeks later they seized power at the point of the bayonet. The communists, of course, try to catch and use as many people as they can get, but they do not need a majority in order to seize power. After they have seized power as we have already stated, they can quickly and easily secure the approval of the majority by raising the régime as Napoleon's one and only Emperor, Maximilian and Hitler, to cite a few, we have known enough to illustrate. In parenthesis, it may be said that the American élites are now pretty generally agreed that the American Revolution was fought and won by a minority.

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But it will serve no good purpose to have this expression take the form of written law or constitution subject to judicial interpretation and interpretation. Any written statements or precepts serving chiefly the purposes of popular education and propaganda, must be subject only to interpretation by the combined legislative and executive agents of the people. Such interpretation will then be in terms of current needs and current opinion, whereas interpretation in terms of juridical canons must soon become static and expressive mainly of a body of theory or a system of logic developed by a caste of learned clerics or technicians in a logical system, and a procedure of their own creation. These technicians of their own artificial logical system, however, are not technicians in social management. Most important is the consideration that the ruling principles governing the State must be made a part of the conscious reflexes, or their habitual and almost involuntary reactions rather than a part of a legal code. In the next event, we shall examine the question of safeguards for the rule of the elite, and the bases of the fascist appeal to the elite and the masses of the elite and to the masses.

CHAPTER XIV
THE ELITE ASSUME RESPONSIBILITY

[illegible][illegible]

It is always, of course, the case to work over a very long revolution, whether they do so in the name of one generation

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another or of one set of principles or another. It is the contention of this book that fascism makes a stronger appeal than communism in the present in America, though it is fully recognized that communism can have an appeal to certain members of the outside in Russia. Fascism is the natural making up false leadership, making men say to each other the rule of the fascist elite not because the rule of the elite is a reality of fascism, but simply because fascism is not a liberation, a communism frankly acknowledges, in other words, that it is to rule.

[illegible]

The ... of ... is long ...
... They ... the ...
... as a ...
... decline of ...

[illegible]

... have not been

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[illegible][illegible]
$$E = \frac{1}{2} \int_{-\infty}^{\infty} \left(\frac{1}{\mu} \left(\frac{\partial A}{\partial t} \right)^2 + \frac{1}{2} \left(\frac{\partial A}{\partial x} \right)^2 \right) dx$$

THE WHITE ASSIVE RESPONSIBILITY

The first of these is the fact that the

 second of these is the fact that the

 third of these is the fact that the

 fourth of these is the fact that the

 fifth of these is the fact that the

 sixth of these is the fact that the

 seventh of these is the fact that the

 eighth of these is the fact that the

 ninth of these is the fact that the

 tenth of these is the fact that the

[illegible]

... can be played with statistics are...
... general...
... of countries will be...
... most important...
... style of...
... control in a moment of extreme...
... whatever resources it has found...
... obstacles it has encountered...
... navigated its course under the...
... such as beamed on liberal capitalism...
... of harsh necessity

From everywhere, has been born of harsh necessity the jack-in-the-box of explorers and freebooters seeking to make riches and lands for conquest. For instance, before the War Italy received a yearly gift of over a hundred million dollars of earned money from remittances by Italian immigrants to the new colonies and dependents in the mother country. Since the War, the virtual stoppage of Italian immigration by American law has necessarily resulted in a loss

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social management than the preceding régime was doing, or
would have done, in the same circumstances.

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and management than the preceding régime was doing, or
will be able to do. The situation facing him had to face.
Consequences of the fighting and the wages are forcing
on him to be involved by the unpleasant facts that, while
he has been fighting in all countries, the United States, Great
Britain and France, did most of their land-grabbing under
1914 and are now anxious to have the present status quo to
specify, the fastest nations have yet to achieve their most
desirable territorial expansion, but different views about the
necessity of existing territorial arrangements. The new
status imposed by the obvious necessity of expansion for it
is, while the emergence of nationhood must, inevitably be
the result of the coming world which any social
movement by the time it can afford the masses. The cost of
preparation for expansion naturally leaves a larger
percentage of income per capita in the underprivileged than a
more equal basis.

The present opinion of the liberal countries, of course, is that the fascist countries do not have to expand. The question can be decided by arguments too lengthy to develop. But, who ~~wants~~ is arguing that the present fascist countries need to expand when every one knows that they will never expand or perish in the attempt? And if they perish as nations in the attempt, there is not likely to be much left of western civilization in the now liberal countries after the fascist Powers, one for which one can fight rather than argue, can be met with argument but must be met with concession or compromise, or else war. There is, therefore, no sense to the liberal argument needed merely to talk the underprivileged nations out of a will to expand. Further discussion of the international aspects of this question is left for the chapter on international implications of fascism.

There is no only basis in require that the demands of a
expansion policy on an underprivileged nation must require
the same composition of living standards with a higher
stage of defense on the defensive. And it must be repeated
that the system has not invented national expansion. The war

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countries founded their prosperity on expansion, and cannot now make a lease of the fascist countries for expansion the act of a reproach. The underprivileged fascist countries have to pay more dearly in individual sacrifices for their expansion than the now lost nations had to pay for their expansion. South Africa from the Boers or Texas and California from the Americans, and the Mexican states from the Mexicans, pay more dearly for the rocky shores of New England, enriched from the Indians than the American expansionists enriched from the Mexicans the terrible lands of Texas and Mexico. In 1940 had to pay for the terrible lands of Texas and Mexico a tithe from Mexico in a war which was a life long summer picnic. What the people have to pay in living and death for national expansion and expansion is not determined mainly by the economic and social organization but by the means of the resources and the nature of the means to the expansion.

... in the fascist appeal to the

Perhaps the strongest point in the fascist appeal to the masses, other than the one of the elite concerned, some would say, is the one of fact and not always of theory or idealism. The rank and file of fascists is the one convinced that the more dangerous to mass welfare we can render Germany than when she triumphed and was disappointed. Fascism excels in providing ample and satisfactory functions for career and rewards to the elite. Communism, on the other hand, has no such help but practices it with great thoroughness. Liberalism distrusts the elite, though it needs it, and is not even for the elite, and affects an attitude of neutrality and laissez-faire to "let the personal struggle for existence be conducted by the individual." Liberalism assumes that the elite will make their own careers for themselves, not led by the State, a fundamentally good view, but in fact the elite state making careers for them in the modern world.

The assumption of the new social history may seem innocuous to many modernists, which are accustomed to a lack of interest in the past. The historians of the new social history, however, are sufficient in bringing such matters to the attention of readers by pointing out to them the error of a y22.

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proudest noble houses of Europe, or those whose patents of nobility were won by gallant exploits and not bought with money since the French Revolution, were knightly bandits and warriors, who received much of their income from periodically shaming down the money lenders and the common people. The masses are vastly better off under a national dictatorship than by being at the mercy of an élite engaged in private gentlemanly warfare and knightly banditry.

From the point of view of mass welfare, if one's perspective takes in the history of several centuries instead of mere years, the doctrine of capitalism in its youthful upsurge, and from a perspective which includes the trends of the hour, it should be fairly clear that the best protection for the masses is to have the élite provided for with useful functions, and driven to help to orderly international warfare nor the still more inhumane conditions of private warfare. Any accurate sense of the laws of life of the struggle for existence, of the survival of the fittest to survive, must tell one that if the élite do not find useful functions provided for them by a booming capitalism in expansion, or by a benevolent, paternal State with unlimited powers, the élite will ultimately find functions for themselves as did their ancestors, the robber barons of medieval Europe, the piratical buccanniers of Queen Bess or, still farther back, the strongest savages.

It is a curious insensitiveness to the logic of history and the struggle for existence which allows many muddle-headed sympathisers with communism or radical socialism to denounce or denounce fascism for taking care of the élite. The safety and welfare of the masses depend on nothing so much as taking proper care of the élite in exchange for their social contributions. The élite will serve if public order. If the élite return to the wilderness, the ancestors of only a few brief centuries ago it will be a disaster for a large number of them, but it will be a worse disaster for those who are not of the élite or whose fangs are not so sharp as those of the élite. Any notion that the élite of the genus homo will ever exterminate each other and

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save the weak of the same species to inherit the earth contradicts any experience based on natural history.

The great contribution of fascism to mass welfare is that of providing a formula of national solidarity within the spiritual bonds and iron discipline of which the élite and the masses of a given nation, every one in the measure of his capacity, can cooperate for the common good. The achievement of cooperating and realising such a formula is the alternative to a return to the types of the struggle, or to the case which prevailed up to the rise of modern capitalism.

If the social friends of peace, or the liberal leaders of the Allied powers at Versailles in 1919, and the several to whom they had no sense of the realities of the struggle for existence, and who possess no general vision for peace, they would have given more thought to social and economic formulas to provide powers for the élite of the defeated nations and the victors, the Allies and Germans. They would have realised that wars are decided, planned and provoked by the frustration of the élite who see no war opportunities. They do not perceive in peace, the chief problem of ensuring European peace, was that of fitting as many as possible of their potential war-makers into a peaceful scheme of things. This would have made it apparent that the survival of liberal republican government in Germany depended on nothing so much as on rational calculations for the élite. Questions of territory, rearrangement of war indemnities, and countries would have been treated with consideration for this main imperative of preserving the peace in Europe.

Even as I have had occasion to learn from scores of conversations with some of the most eminent and influential of the liberal preachers of peace, the liberalising, liberalising, liberalising, for them to see any connection between the frustration of the élite and the coming of war. Liberal ideology forces them to see peace, the very other extreme, as the result of being principled, a matter of moral principle, of conscience, and idealism. Hence the League of Nations and the World Court as means to preserve

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ing war while half its graduates of German universities last year found no other than a sound proper's former in liberal ideology finds the greater difficulty in grasping the idea that national or average men would rather fight, whatever the prospects, and even would rather go into a fight with the certainty of death than no one has in going into a war, than far more certain of a lifelong frustration, defeat, and humiliation, with a strong probability of slow death by malnutrition or some other of the common taints of prolonged poverty and frustration.

From the point of view of the masses, there is to be no more the question of control'ing the élite, as well as getting the best out of them and keeping them from purging the world into war or the cruder forms of the struggle for existence. In the matter of control'ing or disciplining the élite, power, fast or technique or theory marks a great advance over

Fascism uses the science of propaganda, indoctrination, great group conditioning, and a rational scheme of social engineering, to make the elite behave according to a desired pattern. Leninism, on the other hand, relies chiefly on rewards and punishments to make the elite behave quite differently. In the elite must make interpret and manipulate an enforcement machinery. If an ideal pattern of behavior by the elite is to law enforcement, and if law enforcement is a game, the elite will play to beat the game. If an ideal pattern of behavior by the elite is made a matter of condoned repression, the elite will behave as desired in much the same way that ex-prisoners trained men behave. The trouble with the training of the professional elite, of course, is that they are not trained to be prizefighters, as Vice Pointers are trained to be good role-ers. They are trained to make money.

On the score of controlling the rate for social control, it has to be recognized first and foremost that there is no room for an all controlling the rate. Education, industry, science and human forms are the only scientific methods and their effectiveness depends largely on the efficiency of the

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From an other words, so far as the control of the State in the national interest or the protection of the people is concerned, no distinction of character, rather than on codes or on the meaning and scope of laws, rather than on the manner in which they are enforced. Broadly conceived, the State as a whole, can be controlled or directed only by those within themselves. External or outside control, i.e., laws, courts and police, are largely worthless for the State as a whole, for the major reason that the police arm itself will operate such internal control. This is thus equally evident in the case of a common law.

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Then no stand patners among the one to should be the
that facem in no sense a fatal tang for them or their
interests. We can well understand that they prefer the
lawy first to facem der the But, after all, they should re-
member that constant discussion may be self admirin gerno, and
that there will be no white male l quation of the institute. It u-
may be the beginn in mal that the sternest scorn, or grou
may be can be rendered agreeable to persons' tax b w
f ex of scorn be the in of the human person.
A st or a professional soldier who for years has
been al to cast a h will be made miserable, if not l-
ry u of crime u ness which so many persons cre
D u; ned u to the State or under State supervisa

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 9. The 9th National Conference of the National Association of
 10. The 10th National Conference of the National Association of

Mr. Romney is the main candidate of the Republican Party for
b. Governor of California. He is the son of a well-known
the American business community. He is a former member of
but now it is not clear whether he is. Mr. Romney may
be judged far more as a businessman than as a politician. He
only under the promise of a second term. He is
that a Republican candidate could run in 1976. He
but a platform of stability. He is a
"a full recovery" he is not under a
"run to win" he talks of a "good" and "bad" time
to remain a "good" and "bad" time.

While the Democratic Party is the only one of the two, both, turn towards the right, and have far more to do in the direction, will depend a most of the day in the future, the

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sensus of whose opinions largely determines the platforms of both major parties. At present, the in-élite are combating fascism by name, and its ideology in all its phases, hardly less vigorously than they are attacking communism. Yet how infinitely better for the in-élite of the moment to have fascism come through one of the major parties of the moment than to have it fight its way to power as the program of the more embittered leaders of the out-élite. The old régime in France, at any time up to a few months before the outbreak of the French Revolution, could have averted that misfortune for themselves and their nation by merely initiating a régime comparable to that which eventually emerged.

From the point of view of the broadest consideration of all interests, and of the more humane interest, it seems clear that, if we are to have a social revolution, it is desirable to have as leadership representative of as many group interests as possible. By opposing fascism, the logical orientation for the out-élite, and communism, the program of peculiar though deceptive appeal to the masses, the in-élite are really condemning us to a dog-fight between the fascism of the out-élite and communism. What we need, of course, is a fascism of the nation, or a fascism which would embrace the largest possible number of the elite, which would have fewest enemies to liquidate and which would attract most good will of the masses. Whether we get such a fascism or not at present depends mainly on the attitude of the in-élite.

CHAPTER XX

FASCISM AND WOMAN

Fascism marks certain deviations from liberal trends in so far as woman is concerned, but such deviations are more in the nature of a return to tradition than revolutionary departures. These deviations are often more imaginary than real, or they are largely differences of definition of the same reality. The most important fact is that these deviations, however, as they are in progress, the world over, is a result of social changes and the political changes which, in no sense, are revolutionary.

But for the fact that so much publicity is given to the fact that the representation of the woman in philosophy has been given to the world, it would hardly seem necessary to devote so much space to the subject.

The rôle of woman is a matter of biological and social necessity. This necessity is paramount to any social justice or personal preference. Procreative necessity should not be thought of as presenting choices as to what to do for women to provide women with the best as possible, and always, a great series of exercises in making women fit to their rôles in the given social scheme. More women will be pleased as a result of practical business to enable them to play their rôles and carry social rôles in a rational social organization will be pleased by policies designed to carry out social and group demands.

A good deal of the nonsense about fascism and woman is expressed in questions like the following: "Will fascism make woman back in the kitchen?" "Will fascism make woman fit for women's work?" or "Will fascism make woman fit for women's work?" As for woman and the future, it is not likely that the majority of women have never thought of it, and not likely ever to leave it under any social order.

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employment founded on considerations of public policy. Thus, a woman who needed earned income in order to be enabled to work where she had no other resources, a woman who did not need an earned income, who did not depend on other means did not have a right to work as an employee as well, because it would tend to clutter pocket money. On the other hand, a woman who could find employment for which she would be valuable, not for instance, as a child, would be a woman whose first tuition would be the right to be a member of the profession.

In case of women an asserted right to work at a given job, or even the lack of a special artistic talent, there would be a very strong disagreement with the public at large. The public is a fairly might find that a woman ought to be allowed to play a leading role in a dance orchestra, while she has no other means of support, though it would be another performance as a talented artist. Another source of disagreement would be cases of women without children on heavy responsibilities who might wish to engage in certain economic activities for a salary or wage. In some cases this disagreement would be against the public interest, for it would involve the displacement of a family breadwinner from his employment. In other case it would not. In the cases of women who are led to engage in economic activities financed primarily by their relatives or friends, there should be no objection to their doing so. Such economic activities would be no different from personal expenditures.

The present results of regulating the employment of women in the domestic market would be the elimination from the competitive labor market of large numbers of women who cannot find the money, or who have their labor at home nearly monopolized by family, community, or other persons. It is necessary that social regulation and licensing of employment of women would involve considerable expense and it must be said that, it need only be said in reply to the charge of taking bread out of the mouths of the heads of families involves quite as great a

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It is in regard to the training of women, however, that feminism is likely to work the most sweeping changes in this country. These changes will take on the form of (1) in the first place, greater equality between men and women in the field of motherhood and, in the second place, training for the fields of science and industry with greater regard to the needs of women than at present. Training for women in science and industry in the upper grades of grammar school are continuing to expand.

all subsequent courses of instruction. There is a grotesque absurdity in present-day training of thousands of girls to stenographers who have not the requisite intelligence quotients or basic knowledge for satisfactory performance of such duties. Many of them, of course, never find a steady job. It casts these girls wholly untrained for the duties of wife and mother for which they are suited and to which most of them are destined.

Correlating education with social needs is too large and technical a subject for extensive discussion here. Suffice it to remark that, at present, the ruling theory and practice of American liberal democracy is to try and give every one the kind of schooling he or she demands, whereas, under fascism, the attempt will be made to give every one the kind of education which corresponds to the national plan into which every one has to be fitted, both for his good and the good of the community.

This educational theory does not mean an entire disregard for personal preferences, and certainly not any disregard for personal aptitudes. It does mean, however, that if ten thousand women apply for training for law or stenography and there are places for them in these employments, all the students will not be given the training they seek, partly or wholly at public expense, merely because they want it. It means, also, that if boys or girls without the requisite intelligence or cultural background for serious work in the higher studies insist on having a try at it, or at wasting a few years in college, the admission standards will not be lowered to admit them, and the examinations in the courses will not be altered to enable these unequal candidates to get passing marks.

There is no intention here to class women candidates for instruction with the mentally more deficient candidates, and it is far to be remembered that the scholastic records of women compare favorably with those of men. It must be acknowledged, however, that any intensification of competition for places in educational quotas is likely to eliminate from the brackets a larger percentage of the present number of candidates

of male candidates. And any correlation of training quotas with occupational opportunities is certain to reduce even more drastically the percentage of women candidates admitted. But this correlation of training quotas with social needs can not be said to exclude women from careers or training for a career.

In conclusion, it remains only to generalize briefly on certain points of the outlook for women under a fascist regime in which human necessities are rationally provided for and the necessary provisions are fully supplied. Fascism is not creating or intensifying women's biological specialization as nationalizing and organizing it, not training to enter an escape from. The results of attempting to enter an economic equality, or an extreme equality, in sex relations are disastrous for society and women for women. As has been discovered in Germany and Russia, where the results had to be met in the worst way at the start, that the woman, like any other citizen, needs the family and all its responsibilities, that if these are removed, and even if she is free to voice and carry out her own desires with a minimum of formality, the men will be getting most of the fun of the womanhood of the hardships, and the family more of the detriment.

Both in economic and domestic relations the more equality there is between the sexes as regards special duties, obligations, and protection, or the more equal freedom there is for making and breaking contracts by both sexes, the greater will be the inequalities for the members of the weaker sex in the matter of opportunities for making the good life. A satisfactory measure of a nation's progress is not the good life as concerned can only prove between the sexes on the basis of some inherent differences and needs. A clearly recognizes the differences. Such a government, however, greatly restricts woman's freedom in her own life and in her contacts. But it also restricts the man's freedom.

The restriction of the man's freedom is not a sacrifice but a sacrifice of happiness of men and women. The man's freedom for its preservation a degree of State oversteps its limits.

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THE FASCIST IDEA OF NATIONAL INTEREST IN
FOREIGN RELATIONS

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NATIONAL INTEREST IN FOREIGN RELATIONS

The chief purport of any discussion of foreign relations is to determine the policy which should be followed. The policy is not a mere imperative and certain more rigorous facts are not the starting point of policy, as they are to some extent the starting point of the practical consequences of policy. The policy is not a mere imperative and certain more rigorous facts are not the starting point of policy, as they are to some extent the starting point of the practical consequences of policy. The policy is not a mere imperative and certain more rigorous facts are not the starting point of policy, as they are to some extent the starting point of the practical consequences of policy.

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Our foreign affairs are luminous examples of what a wrong policy is when a lawyer is allowed to determine public policy. The trouble with lawyers is that they are not a judge of law. The trouble with lawyers is that they are not a judge of law. The trouble with lawyers is that they are not a judge of law.

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What is right, they leave to other branches of government and the courts. The policy is not a mere imperative and certain more rigorous facts are not the starting point of policy, as they are to some extent the starting point of the practical consequences of policy. The policy is not a mere imperative and certain more rigorous facts are not the starting point of policy, as they are to some extent the starting point of the practical consequences of policy. The policy is not a mere imperative and certain more rigorous facts are not the starting point of policy, as they are to some extent the starting point of the practical consequences of policy.

It is a time when the armed forces were to consist of a small set of warriors and economic resources, and the rest of the people were to be the mass. In the century, war was the cause of national existence for the nation, and a mass every man's life was essential to the nation. Every man's life was essential to the nation. Every man's life was essential to the nation. Every man's life was essential to the nation.

From the viewpoint of the ever increasing number of average lawyer or judge, there is no point in considering the

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consequences of public decisions. One has to obey certain high-sounding ethical or legal imperatives, whatever the consequences. Indeed, consequences have little to do with the validity of ethical and legal postulates based on the transcendental premise that a given course is right and anything different is wrong. One has to do right, though the heavens fall. One has to do good at all costs one's national honor or one's vital interest, it is defined, not by rational calculation, but by some body of inspired truths, all of which usually means a holy war at the end.

Fascism differs from liberalism in its conduct of foreign policy by proceeding on the premises that the only authority which may usefully be thought of as exercising any measure of supremacy is the human will, that the supremacy of the human will is synonymous and commensurate with the power factors or might it exerts, and that the only norms for rational control of the human will in its highest expressions are facts and scientific probabilities. If the facts confirm with the logic of a given law, or rule, or concept of right, it wins out and the law, commandment, or eternal truth, recedes. This, of course, is what always eventually happens.

Thus, of course, is what always eventually happens. The human will says, the sooner and more easily it happens, the better. Taking the human will as the source of authority and power, we are forced to recognize the national State as the highest organism expressing this authority, and the only organism so far proved capable of expressing the authority and might of the human will in a way to maintain social order. The nation is a social necessity, which has no substitute.

In international relations there are only national interests to be considered. Strictly speaking, there is no such thing as an international interest in any useful sense of the term. It is impossible to define the sum of several national interests as an international interest. But the trouble with this definition is that there will always be found opposing interests in any given number of national interests. If we define an international interest as the sum of two or more national interests, then we have the sum of two or more

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national interests opposing each other. To call the sums of two or more national interests an opposition to each other, two respective international interests is not a useful sense or meaning to give to the term international interest. If the term or concept of international interest is to have any useful meaning, it must be a unique, or common, or universal, interest in respect to a given matter.

For such an interest is the eternal dream of the internationalists. Since, of course, a body of law, to be called international law, to any useful purpose, must be law accepted by all nations. The trouble with so much that passes under the name of international law is that it is the law of a nation or group of nations. And it does not serve any useful purpose to call a body of law accepted by nations X, Y, and Z, but rejected by nations A, B, and C, international law, because this body of law is as much a body of national illegality as it is a body of international legality. One nation on the basis of its law is the law of nations X, Y, and Z, and the illegality of nations A, B, and C.

The dream of a unique international interest or a unique international law (for law is human expression of a power interest or set of private interests having sound the mind of a State or individual) can never be realized. Nations will always be developing in which there will be one nation wrong against another nation, or in which one nation can get away with wronging another nation and also get something advantageous out of his wrong. Part of our national patrimony as every one knows was obtained by wronging Mexico, not to mention our exterminating most of the original inhabitants of our present territory by way of taking their lands.

It is possible to conceive of a world of individuals in which there would be no wrongs, but this is impossible, for to visualize a world of individuals in which there would be no wrongs or in which no wrongs have ever occurred is to visualize a world of individuals in which there would be no wrongs. The great and powerful nations have built up their power on the wrongs they have done to other nations. Of course, it often

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that the perpetrator of a wrong to another nation will force that nation to acknowledge that the wrong was right, which, for practical purposes, makes the wrong right, but never in the feelings of the wronged nation.

Given nations as they are now constituted, and as they are constrained by the logic of their very being to behave, it is a sheer contradiction in terms to say that there could be a universal interest in a wrongless course of events in the world of nations. It is absurd either to suppose that the wronged nations will ever consider that their wrongs of the past have been made right or to imagine that a situation can be created in which powerful nations having military superiority will never find it advantageous to themselves to wrong a weaker nation.

It is, perhaps, slightly less unreasonable to suppose a world of individuals so conditioned under the direction of one universal and supreme will as to feel a universal interest in having everything happen in a certain way. This supposition is still conceivably, though somewhat fantastic, because individuals might be reduced by a long process of purposive and selective breeding to such a degree of similarity of basic reactions that they would behave as much alike as bees or ants. But who is absurd to suppose a world of nations so homogeneous as to have a set of universal or common interests about everything. It is absurd because the fact of nationhood, in its fact of anthropoid, necessarily implies great inequalities in mental and physical differences in ideological and behavior patterns.

Most of the incoherence of reason from the false premise that all nations have an interest in peace, or that peace is a universal or international interest. This premise is obviously contradicted by history. In 1818, our interest was not peace and we went to war and annexation. It is undoubtedly a fact that we have interests to hold what we have with peace, and we have a good war for us on the horizon. The same was true of Great Britain and France. Any war we get into is on one of defense of what we have, rather than on offense to get what the other fellow has. But the fact that

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no one has anything to gain by a war should not be turned to support the *non sequitur* that no other nation in the world will find a good chance to win a profitable war. We have to see to it that our national defense or war potential never weakens to such a point that we might seem to give an easy mark for some other nation, exactly as Mexico in 1928 proved for us. And we should, from time to time, balance the costs of buying peace with concessions against the costs of fighting to keep what we have without making concessions.

Here it should be emphasized that there is no point to the oft-repeated argument comparing nations with individuals and deriving from such comparison the conclusion that as honesty can be made by individual law and social convention or the best policy for individuals living within the price power of a national policy for individuals living within the price power of a national policy, honesty can be made by international law and universal law. The comparison and derived argument are totally invalidated by the simple fact that whereas individuals within a nation can be deprived of the means of getting away with theft and murder on a large scale with personal profit, nations cannot so deprive nations and hence are forced by the means of getting away with successful war to make profit. No degree of equal disarmament would deprive nations of their war potential as it all nations were disarmed down to Swiss police forces. Nations like the United States and Germany would thus have a tremendous war potential in their ability to create on short notice vast armies and quantities of war supplies. Speed in rearmament would be the decisive factor.

The power of a strong nation to get away with a war of conquest and annexation is a present reality. It is not a hypothetical possibility and it should not be treated as such. In the present state of disarmament, the present war potential of the United States is hardly exaggerated except in terms of the number of the armed personnel. It would be no gain for the United States to negotiate the war in the existing state of disarmament. The only way to disarmament is by the threat of a rapid rearmament. The speediest rearmament would have greater

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fact. The international fact always embodies several national facts. And the international fact is never an organic whole made up of national facts. The international fact is merely a passing phase or aspect of several separate national facts.

There is no conflict, as many good people like to suppose, between nationalism and internationalism. There are just conflicts between nations and between nationalists. The simple fact that these conflicts necessarily involve more than one nation makes them international. Nor is there any international spirit or unity except as the passing phase of relations between nations, such relations, when important, usually being connected with war. That is to say, the only effective international cooperation of importance is that which takes place between nations allied in making war or with a view to making war.

The underlying idea or wish of much talk about internationalism is that the nation may be weakening, or entering a phase of dissolution into a something or other which will absorb all the nations. But that is exactly what is not to be feared. The more international relations there are—the more they are related to the negotiation of past wars and preparation for future wars—the more vigorous become the nation, nationalism, and the national spirit. There is no indication, even of a vague trend towards the laying of the groundwork of a superstate which would swallow up the existing nation-states. The nation was never more vigorous or sharply defined than in 1935, and nothing has contributed more to the definition of nationalism than international gesture publicized in institutions like the League of Nations, peace pacts, and the World Court. There is no need here to expatiate on why it is that the nation is showing greater vitality and gives no signs of early dissolution into any sort of international unity. Suffice it to state the indisputable fact that the nation was never more vital or vigorous.

There is for every nation, however, an international problem or a problem of foreign affairs, precisely because there are other nations, and because they have national problems which involve relations with each other. The international problem

THE COMING AMERICAN FASCISM

therefore, is always the national problem of several States. Any human mind approaching the international problem of any moment must approach it as a citizen of a nation who is interested in having that international problem solved or dealt with in a way agreeable to the interests of his own national State. This is equally true whether that person be a high official of the Roman Catholic Church or the League of Nations, or the Communist International. When a person says he is interested in international welfare he merely means that he is interested in the national welfare of his own country in some international connection. He may or may not also mean, though he will usually say that he does not, that he hopes or believes that what he considers good for his own country will prove good for other countries.

American fascism will proceed in foreign relations with a complete recognition of this fact. It will recognize that the national interest is the only interest. In the formation of the specific policies of national interest to be followed from day to day, an American fascist will be guided by the dictates of the national interest, and by the strength of the evaluation of the probabilities as it is possible for the fascist leaders to make.

OBJECTIVES IN FOREIGN RELATIONS

We cannot avoid war by being unprepared for it, as our experience in the late War demonstrates. And we cannot determine for ourselves the scale of armaments which properly corresponds to our size and pretensions. The scale of armaments which properly corresponds to our size and pretensions, in the nature of things, be dictated to us by the rest of the nations. If they maintain armaments on a certain scale, we must observe, according to the proportions on that scale corresponding to our size and makes. To have the interests of a first rate world power, to insist on interpreting our word or will as such a world power, to insist on an armed establishment disproportionate to our size, is merely to tempt danger and desperate powers, and to place ourselves with us. As for the costs of national defence, we are not likely to find that men are better off in the army than in the home, and the country is better off to have the

producing the instruments of self defense than to have them
for their own defense is one way of producing and consuming
war. Unhappy agreement is not a source of income but a true
and right war is.

Every one a moral, fascist and communist, including all the
professionals and sincere pacifists, wants peace, provided it can
be had on its terms. In this respect it is difficult to see any
difference between the so-called pacifists and the so-called
militarists. No one, certainly not a victim of the numerous types
of pacifism, is willing to have peace on any terms whatsoever
other than the one for which they are in the other words, no one
will accept peace on the terms of others. There are no "other
terms" in peace at any price. Those who talk most about their
love of peace and other men's peace are the ones and the ones
of the most violently are the ones who are the most violent in
their own country. It is the first and most energetic of a
policy of getting their own way, into a war for peace every
time an international conflict breaks out anywhere in the
world.

France has been denounced by the liberals, pacifists and socialists as a war breeder, yet, at the time this book went to press, it was the only one along with the international balancing and pro-English interests and sympathizers every where on record in the Irish Republicans that was on sup- ported sanctions which could only mean a war was on the other hand the origin of the forces of England under Sir John Moore and of France under Colonel de La Paix were containing what the public demonstrations in opposition to police when the British Government was trying to have carried out by the League of Nations and the League of British Statesmen was in fact only mean a war was on the face of it being an English war on this war is ready to fight for its defense and support the League of Nations and for abstract and unreal principles and the League of British Statesmen which as a practical matter mean a war is on the face of it being an English war on this war is ready to fight for its defense and support the League of Nations and for abstract and unreal principles and the League of British Statesmen which as a practical matter mean a war is on the face of it being an English war on this war is ready to fight for its defense and support the League of Nations and for abstract and unreal principles and the League of British Statesmen which as a practical matter mean a war is on the face of it being an English war on this war is ready to fight for its defense and support the League of Nations and for abstract and unreal principles and the League of British Statesmen which as a practical matter mean a war is on the face of it being an English war on this war is ready to fight for its defense and support the League of Nations and for abstract and unreal principles and the League of British Statesmen which as a practical matter mean a war is on the face of it being an English war on this war is ready to fight for its defense and support the League of Nations and for abstract and unreal principles and the League of British Statesmen which as a practical matter mean a war is on the face of it being an English war on this war is ready to fight for its defense and support the League of Nations and for abstract and unreal principles and the League of British Statesmen which as a practical matter mean a war is on the face of it being an English war on this war is ready to fight for its defense and support the League of Nations and for abstract and unreal principles and the League of British Statesmen which as a practical matter mean a war is on the face of it being an English war on this war is ready to fight for its defense and support the League of Nations and for abstract and unreal principles and the League of British Statesmen which as a practical matter mean a war is on the face of it being an English war on this war is ready to fight for its defense and support the League of Nations and for abstract and unreal principles and the League of British Statesmen which as a practical matter mean a war is on the face of it being an English war on this war is ready to fight for its defense and support

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OBJECTIVES IN FOREIGN RELATIONS

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As this book goes to press, the League is being manipulated by France in an attempt to force the rest of the world to join in to protect and further what those in power in France consider to be Britain's best interests in the 'eastern question'.

THE COMING AMERICAN FASCISM

THE COMING AGE

It is absurd to argue that a battle against every aggressor nation advances the cause of a better world; the argument sometimes advanced by Britain for the ruling principle of the League. Such an argument is historically and morally untenable. The nations of the world are not coming to any decision even mildly censuring a ruthless and lawless American aggression against and conquest of Mexico or against Russia and French Indochina. The United States is the most numerous here to mention yet the nation of the largest size which have never felt any treacherous order and have not been a part of France would go on from one conquest to another until the entire world had been swallowed up and

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service collar expected for every good-for-service collar
notice, excluding interest as a service item

It seems to me as if to attempt here an explanation of how
State controls of investment will operate. Obviously, it will be
one of an indirect, not a direct, nature. But it can easily
be made effective enough to reduce capital exports to a negli-
gible quantity, which is all that is desired.

The reason why foreign loans can never be repaid were experienced at some length in my *Is Capitalism Doomed?* and shall not restate them here. The repudiation of War debts and the wholesale default on foreign bonds is a sure warning of the book in that should make it unnecessary to give any proof of this obvious fact. Foreign loans are good as long as the lending countries receive each year the amount of interest income, as long as I have done consistently (except during brief periods of temporary misfortune, like war, during the entire history of foreign lending. It is clearly shown from the point of view of national interest to export goods and services for foreign paper which can never be redeemed in goods and services. With communism and wholesale repudiation the current realities, it can no longer be held that a foreign obligation or property right, represented by a piece of paper is the equivalent of a domestic liability or piece of property. The nation is not the richer for its physical wealth held abroad, and the individual American is not the richer for his savings exported for a foreign piece of paper, the value of which is likely to be cancelled by repudiation, default, communism, or excessive taxation.

It is a way of justifying public policy in not making sacrifices of national interest to secure or facilitate payment on foreign investments, it shows he pointed out that to sacrifice foreign investments and to let an American investor to collect a foreign investment is different in any respect or respect from any of the other things which are ordinary business or investment and it is not a sacrifice.

... is to undertake a lengthy refutation of the
... argument that any restriction placed on internal ...

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CHAPTER II. FOREIGN RELATIONS.

France has been in offer or to receive in political, cultural

THE COMING AMERICAN FACTORY

THE COLONIALS AND THE UNITED STATES
The colonies were not united in their support of the American Revolution. Some colonies, such as New England, were more committed to the cause, while others, such as the Middle Colonies, were more hesitant. The Southern Colonies were even more divided, with some colonies supporting the British and others supporting the Americans. This lack of unity was a major factor in the colonies' defeat in the Revolutionary War.

OBJECTIVES IN FOREIGN RELATIONS

Briefly, then, England and France could easily make concessions and concessions to Germany and Italy, but England and France could not, jointly or separately, win a war against the European governments of Germany and Italy, for the exact restoration of the Empire and France cannot possibly restore liberal government. As far as this is concerned, and where men without a bias for or against either France or Germany are concerned, the chances of coming into hostile being are less today than they were before. If an Anglo-French military expedition were to be successful in a military way, against Mussolini and Hitler, it would be faced with the dilemma of having to maintain a permanent military occupation or else make peace with a people who would not give up the territory to the conquerors, or to acquiesce in the occupation of territory to the conquerors, or to acquiesce in the occupation of territory to the conquerors, or to acquiesce in the occupation of territory to the conquerors.

Liberalism and international finance are too long in the past to force a liberal regime on, where with a strong and foreign loans. Peace, the temper of possible liberal order and of the people about such leaders in the new fascist movement can be said to render any liberal restoration very unlikely. The closest everywhere are fascism or communism and an Anglo-French alliance in Europe which put communism in power could hardly be considered by those in power in London or Paris to be a victory for their side.

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Are the rights of the privileged nations of England and France, in the States which depend for their existence on the ruin of these weak powers, with the costs of armaments, a necessary consequence of another war which only compensates the expense? Or is a new or 'another' war a punishment to the force and need which are the basis of these fascist and liberalist joint issue.

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An early fascist trend in the United States is needed to save us from being drawn into another wild adventure by the dominant statesmen now at the helm in England and France. Only to uphold certain rights of England and France and independent states of Europe but actually to plunge Europe and world revolution and chaos. Our American and Franco-American world reactionaries should recall that there are no reactions in America until Hitler's shadow looms over them; they go to sleep in Europe, that some internationalists want to deliver Germany from a swiftly concluded war to deliver Germany from Kaiser Wilhelm as preparation for Adolf Hitler, who is much better than the present state of Berlin than any Hohenzollern.

...ded emotional reactions, and frequently

They come in mixed, emotional, irrational, and frequently
nervous American liberalism. It is based on foreign affairs are
now almost ready to enter in a new and a new era and
it is to move place for a commonwealth, which will be a further
step in liberal in this place. Liberalism has been a great force in
the world today is the only one same road names of liberal
which have been defining our liberalism had to great
war under Lloyd George, Woodrow Wilson and Clemenceau.
The only war has been the last. Surely there is enough com-
mon sense among the peoples and, it is necessary to among
the nations of the liberal nations of America, Britain and
France, to turn from liberalism before it drags the world into
another holy war to uphold some principles and a tradition,
which essentials, are inseparable and which the trend of
the forces moving in the world since Versailles has been
steadily undermining. Only the tradition of the power of
great powers can save us from another holy war to make the
world safe for liberalism, or rather to hand it over to the
strong Russia which is the largest and most fanatical military
force in the field.

THE PARTY ORGANIZATION FOR ACTION

To work the very scheme of things entire
And mind + heart in the heart's desire

In the enterprise government is the principal tool or mechanism to be used by efficient groups or party organizations to achieve desired ends, which may be considered good or bad from different points of view. Contrary to general assumptions, government is not a neutral machine like a ship, of which the agents are the crew and the majority vote the owner. Neither is government to be thought of as a mere use another machine, is government to be thought of as a mere use of a machine which will play any tune called by a mere vote. Now, again, is it useful to consider government as a mere use of a machine to whom prayers or petitions may be sent? Government cannot be completely controlled by persons or by petitions. Modern government controls public opinion and

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The chief aim of the campaign is to emphasize the logic and inevitability of a disciplined political party organization for

THE PARTY ORGANIZATION FOR ACTION

effective and responsible action through the instrumentalities of government by any large association of people having a set of common social purposes and not having the advantages of action in self-interest commanded by combinations of wealthy numbers of the wealthy and economically mighty. The emphasis of this final emphasis on the mechanics of party organization for action—not protest or petition—will be found to dispose of more of the objections to fascism as being merely a thing of shoddy armies and their violent acts. These objections usually go with a failure or refusal to see in liberal capitalism the real source and meaning of existent uniformed legions of the state and private corporations.

Combinations of small numbers of the economically mighty, nowadays usually of large corporations and banks, for special enterprises of self-interest, are exceedingly effective and disciplined in action. A popular movement of several hundred thousand or several million people for some idealized conception of national interest has to have a discipline and organization somewhat military or hierarchical in character in order to be able to cope with the effective uses of money and power made by the minority group combinations of the rich and in the state. The old liberal idea that law, justice, and court rule, enforced by executive combinations exercising power for private gain, is absurdly false, as has been pointed out throughout. A score of great corporations can raise ten million on an enterprise for the purposes of pre-empting or public opinion manipulating more easily than the Republican or the Democratic Party can raise a million dollar campaign fund. As for the character of the present socialist, reform or populist party of the United States, it is organized as a mass non-factional campaign force, and it is not worth talking about. And the coming of a mass party of vast economic interests can use its funds more effectively than any popular movement, and a more unscrupulously than any popular movement. The shoddy legions of fascism are the answers of the state and private corporations to the effective uses of power by minority group combinations. The liberally conducted party

THE COMING AMERICAN FASCISM

of reform or socialism in various countries at various times have captured political offices. They have even captured the leadership of the government. But they have never captured power. Only Lenin, with the aid of the solcetry of a few in arms, has been able to capture power for Marxian socialism. And only the fascists, with the aid of their discipline and legions, have been able to capture power for an effective scheme of national collectivism.

It is incorrect to say, as do many liberal and socialist critics, that control of the machinery of government rests with any particular group or clique of persons or groups. Wall Street, big bankers, and the heads of the great corporations, no matter what government is in power, are always a very effective group and protection. No group of persons can control the government of the United States. And no group can control the making of money, which is the most important thing for a government. Such a group, would I suppose, all sorts of jobs and cares and yet none of the benefits of the rewards of the business of a legitimate racket. Any two or four bank presidents or operators will, with a little luck, make and take away a fortune such as no fascist leader would ever dream of acquiring. No, the interests, legal and illegal, which are given control of the government in America wish only to control the making of certain specific decisions of government affecting them. And in return for these particular exercises of power they are willing to allow and avoid or to pay tribute to no luxury. Thus, in the next opportunity a given tax will support any public extravagance in return for a support of a tax reduction sought.

In this connection, it should be remarked that a party seeking political power or control of government must have a large mass following, such as no group of persons or groups can have, and such a party must have a very high degree of discipline and organization on the mass level. If not, liberalism is the perfect answer to a mass party seeking control only when and where power and control can be exercised.

THE PARTY ORGANIZATION FOR ACTION

used momentarily for private interest and it exempts those who thus use power from any real responsibility to the people.

But playing the liberal game prevents any reform, social or popular party from ever being able to do much about social problems. The fundamental reason why the party receiving a majority mandate to clean up a city government or to effect some large social or economic reform on a national scale cannot exercise political power or control adequately for these purposes is this: Such an organization or party, winning its candidates elected to office, lacks the only type of organization and group discipline with which political control can be acquired and exercised.

As an eminent English economist on a recent visit to this country has so aptly put it, one cannot regulate successfully beyond the ability of administration to execute. And administration requires the right personnel and the right technique of using personnel. Reform, socialism, or a really new deal cannot be effected by passing laws alone or by law enforcement by officials unsympathetic with the new program, or by law enforcement under the rulings of a judiciary loyal to legalistic constitutional theories incompatible with the new program.

To accomplish its purposes, a reform or socialist party must take over control of government quite as thoroughly and masterfully as an invading army of occupation. This the general mandatories of the people cannot do, for the excellent reason that they have not an army or do not constitute an army. The liberals who undertook to set up and conduct a liberal-republican government in Germany after the war were doomed by the fact that, having no army of their own, they had to rely on a hostile army for the execution of their policies. As organization of mere joiners, button-wearers, membership-duplicators, party-meeting-attenders, and straight-take-work-is-no-an-organization with which anything important in government or constructive character can be done. The button-wearers and duplicating members neither constitute an army nor can they hire an army something which, not counting billion-dollar industrial corporation, public utility, or bank cor-

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is, but something which even any first-class gangster is able to do.

It is, however, a great mistake to infer from the arguments for a disciplined party organization that, if it includes some semi-militarized units of men, the chief reason for this type of organization is to enable the leaders one fine day to seize power by a violent *coup d'état*. The gates to power were opened to the fascists in Italy and Germany in perfectly legal ways not because the government had reason to fear an armed attack on the government (for, at that time those in charge of the government could have liquidated the fascist organizations with a few well-aimed shots), but because the government feared that the fascists alone were able to exercise political control as they wished.

It is strange how people who regularly sing "Like a military march moves the Church of God," and who regularly sing "and march in the uniform of one or more fraternal orders," are in fact in only in the organization for violence. The chief end of a disciplined organization is not violence, however, of government. For in any country or moment, except in a revolution like Russia just before the communists made a violent seizure of power, a disciplined fascist party would not be able to come to power in any other possible way which would be a legal or conventional way. The chief end of a disciplined organization is the efficient and responsible exercise of political control after it has been obtained.

Considerations of mass responses indicate disciplined organization. Men and women of the sort who are useful in any constructive undertaking prefer a political party or an organization of any sort to be orderly and disciplined. There are, of course, many people who prefer disorderly mass meetings in which there is no real leadership, no order, no order. Such people merely want organized mass meetings for argument. They make up the bulk of the mass meetings for political and reformist parties. But the vast majority of people prefer group behavior or patterns which are orderly and

ingly effective for some and other than that of merely blowing off steam. The fact, of course, is that more than half of our working population, in their daily occupations, are subject to an organizational discipline which differs from that of a army only in unessential respects. Our large city political machines have been disciplined organizations with hierarchies, command for generations, facts which explain why they fight, defeat, and survive reform mayors and administrators.

Another important consideration indicating the necessity of a disciplined organization is that only with such a type of organization is there likely to be clarity as to objectives, unity in action as well as an enlightened use of means and means for a given end. It would be easy to enumerate abundances in personnel and policy choices as means to achieve certain broad administrations. If policy decisions and government orders have to be formulated with a view to the needs of a particular administration by a disciplined party organization, the chances of the further and contradictions of liberal reformers and other parties in office will be averted.

The new political machines of liberalism, such as
those of Tammany Hall or the old Republican Party No one
could have had rather more order and efficiency in their
time than the reformist leaders. After all, these machines had ac-

able organization discipline and clarity of aims, for the
of aim was spoils and the means of obtaining it, retaining
power in order to get more spoils, in the city and state govern-
ments these machines can still operate fairly well by simply
pushing the buck to the national government on all serious
social problems, be it the war on organized crime and abusive
unions, or be it unemployment relief. But the political
machines of both the Republican and the Democratic Party of
the are now divided by the new, far drastic issue, socialism.
The can no longer develop local, state, and national party
machines, and rise up on the center stage of going and to
win power as a means to spoils. The number of the West or
the unemployed anywhere are going to force the issues on
the charge of unemployment and running for office
the machine of a hard-core party organ-

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ing opportunism or that of a defensive mechanism trying to make day-to-day adjustments to minority group pressures.

Control of public administration is not a matter of having public debates and organized group manifestations, culminating in periodical majority votes. This is true today as it was before on account of the potentialities of propaganda and the command of each potentiality by minority interests which have no genuine concern with public interest. One could go on indefinitely elaborating reasons or supplying concrete examples showing why a disciplined political party organization is essential to the orderly conduct of government in the present world crisis. Once his thought is directed along this line of inquiry, the reader's knowledge of conditions and imagination should enable him to develop this thesis to almost any length.

It remains to discuss briefly the question of how many political parties are possible or desirable. It may be said briefly that a planned economy, such as either fascism or communism must achieve, precludes most of the features of a multi-party system or even a two-party system along American lines. A good part of the case against a plurality of political parties and a periodical rotation of parties in office would be a repetition of much that has already been said about planning, the inevitable uniqueness of a national plan and the cross-minority group pressures which are necessarily irresponsible, antisocial, or antipatriotic and utterly incompatible with the successful pursuit of any possible scheme of national interest or public welfare. A plurality of political parties, no one of which can ever exercise responsible control, can only mean a plurality of irresponsible minority group pressures, the chief objective of which will be spoils and never the realization of a scheme of national interest.

One can never prove by science or philosophy which of several parties has the right or best scheme of national interest; for the decision or selection in such a matter must express an emotional attitude and depend on the ultimate values preferred and the premises taken for granted without proof. One can, however, sustain in a scientific or philosophical discussion

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the contention that a country has to make effective one scheme of national interest in order to avert chaos. And one can argue rationally that a country is better off with any one of many schemes of national interest efficiently pursued than with the anarchy of numerous powerful minority interests operating in ways to render any effective scheme of national interest impossible, thus, to make any scheme of national interest impossible. Such an argument would be largely a restatement and explanation of the historical trend and forces which have in order out of minority claims and the movements of Europe through the rise of nationalism during and since the last war.

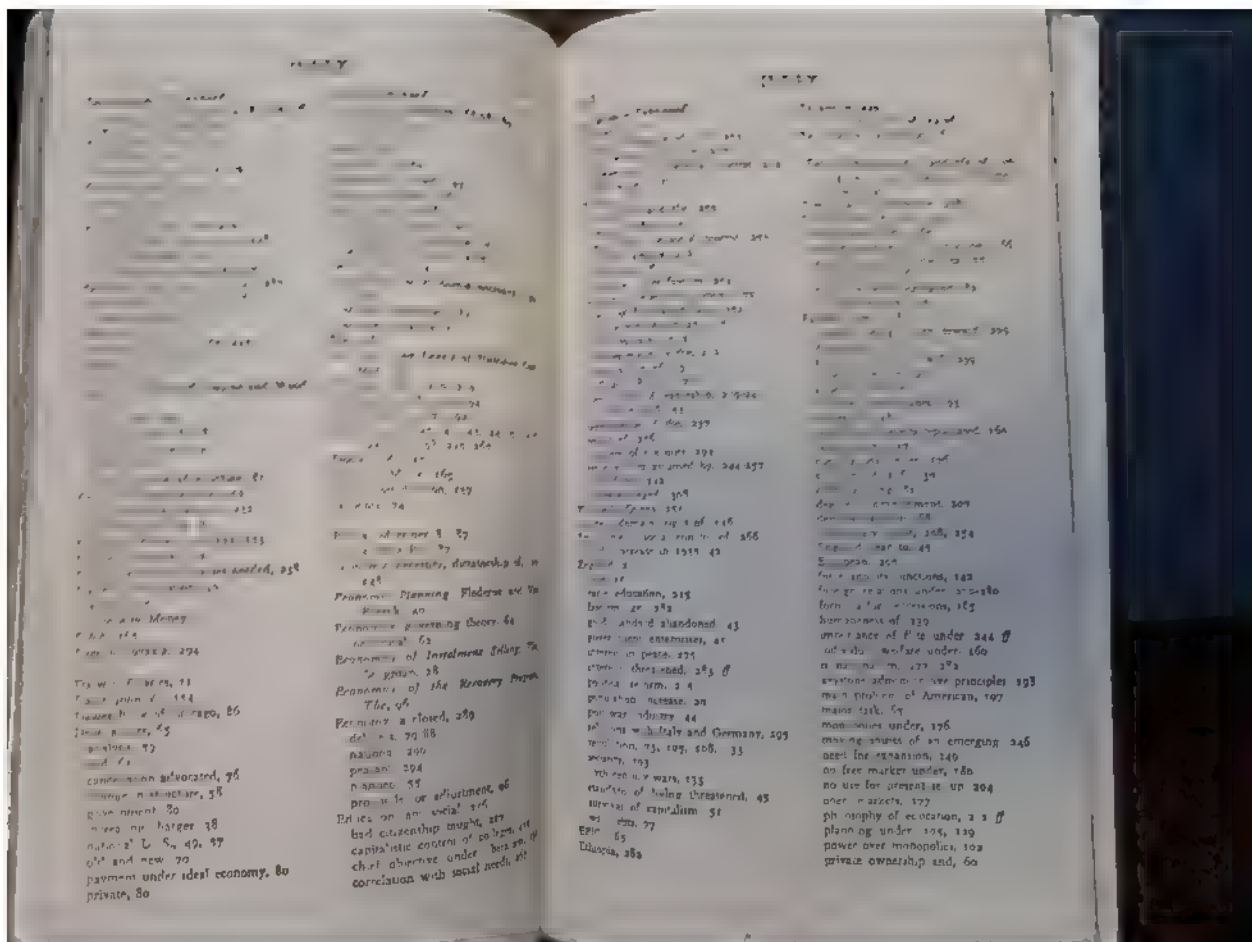
Granting that all government like all human nature is full of contradictions, there is no good can be made at all by for instance on personal grounds from one big government down to a small one or from one big government up to a small one, or by personal grounds from one big government up to a small one or from one big government up to a small one. One does not see how government can be a government of the people or the Standard Oil Companies by voting out a new president every four or six years. The best answer to the argument for periodical party changes in government is that such changes are not changes in anything very important to the nation and that such changes even if they are made of competent and responsible leadership persons in administrative offices change but the dominant interests and the system remain unchanged.

To the question How might an American fascist party, called by another name, of course, arise? it would be difficult to attempt a precise reply. The right answer which only rare events can furnish must depend on a combination of the conditions, the reactions of the majority which give the dynamic personality of a great leader at the appropriate moment and set of circumstances that has dramatic emergence from obscurity to leadership.

The objective conditions in the probable reactions of the majority are the same as we have discussed. The reaction of the leader, the point in time of his emergence, and the nature

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